



Five-year Operating Plan

*Including fund-specific
goals and strategies*

City of Shoreview, Minnesota

November 2010

Prepared by Department of Finance

EXECUTIVE SUMMARY

Introduction

Long-term financial planning has been a routine in Shoreview for more than two decades. The City has a long history of projecting capital replacement costs a minimum of 40 years into the future, identifying revenue sources to support capital costs, and evaluating the impact of capital costs on inter-fund charges, property tax levies and user fees. Shoreview’s annual Comprehensive Infrastructure Replacement Plan (CHIRP), and the policy that guides it, has ensured that capital replacement planning remains a vital and ongoing effort (annual updates and a minimum of 40-year capital replacement projections are required). In 1993 the City received national recognition from the Government Finance Officers Association through receipt of the *Award of Excellence* for the CHIRP plan and policy (the award recognizes local governments for work that promotes important developments in government finance).

Beginning in 2009, Shoreview greatly expanded its long-term financial planning efforts through the addition a Five-year Operating Plan (FYOP).

Five-Year Operating Plan

The FYOP incorporates both a historical analysis of operations and future projections for a period of 5 years. Historical analysis includes operating history and performance indicators while future projections include full operating projections, predicted performance, as well as fund-specific goals and targets.

The primary goal of long-term operating analysis is to protect the financial flexibility and health of the City, through:

- Policies that support decision-making
- Practices that prevent the use of one-time revenues to support ongoing operating expenses
- Analysis that considers long-term maintenance and operating costs when planning and evaluating capital projects
- Commitment to balanced operations where revenues support operating costs

Whether these efforts are successful is reflected in how well the City is able to:

- Adapt to changing conditions
- Avoid temporary solutions that cannot be sustained
- Respond to unanticipated events and challenges
- Support operations with limited new development
- Ensure continuation of essential services
- Protect asset condition
- Navigate economic cycles
- Secure and maintain a high bond rating, thereby reducing borrowing costs
- Prepare for the future
- Moderate changes in tax levies and user fees
- Avoid short-term borrowing to support operations

This Five-year Operating Plan (FYOP) provides long-term projections as a supplement to the annual budget, capital improvement program, and infrastructure replacement plan. The plan serves to:

- Estimate operating revenue and expense
- Measure the impact of capital costs on operating budgets
- Plan for potential debt issuance
- Determine necessary changes to tax levies, user fees and budget strategies

Fund Balances

Management of fund balance levels is an important component of long-range financial planning. Therefore a basic level of understanding about what fund balances are is necessary to understand fund goals and targets. From an accounting perspective, fund balances are simply the difference between assets and liabilities. In general, fund balances give an indication of financial resources available to support ongoing operations. Historically, many terms have been used to describe fund balance. In fact, Governmental Accounting Standards prescribe the use of different terms within the annual financial report, and the terms are changing as financial reporting standards change. Terms used include: net assets, fund equity, fund balance, designations, reserves and working capital. Other terms that may be used by public include: savings account, rainy day fund, contingency fund, etc.

Regardless of the terms used, determining adequate fund balance levels can be a challenging task for both policy makers and management professionals . Although fund balances can serve many purposes, in Shoreview fund balances are used to:

1. Provide working capital (cash flow)
2. Protect financial flexibility (stability)
3. Preserve flexibility for unanticipated events (preparation)

Working capital needs create special circumstances in some operating funds. For instance, property tax receipts in the General Fund provide 76% of total revenue, and are received twice per year (in July and December). Consequently, the General Fund supports ongoing operations for nearly 6 months of the year before the first receipt of its major revenue source. In this case, fund balances provide necessary working capital to avoid cash deficits and short-term borrowing.

For the purpose of measuring working capital in this document, balances are evaluated by the months or years of operating coverage, which may include operating costs, debt service payments, transfers to other funds, and capital costs.

Financial flexibility provides benefits such as financing a portion of capital costs without borrowing, providing interest income to operating and capital funds, and insulating the City from temporary revenue shortfalls or unexpected one-time costs. These benefits help the City moderate changes in levies and user fees over time, and protect service levels from cuts dictated by one-time events.

Unanticipated events or emergencies can create temporary cash flow challenges for a City. Recent examples for Shoreview include state aid cuts, emergency utility system repairs, community-wide cleanup associated with storm damage, extended periods of drought, sustained periods of heavy rainfall, and economic conditions/pressures.

Fund balance goals are established based on the unique circumstances of each fund, with the goal of providing working capital for operations and capital costs supported by the fund, to develop and preserve financial flexibility enabling the fund to respond adequately to unanticipated events, and to protect the provision of City services to the public.

Operating Assumptions

As stated earlier, the process of determining appropriate fund balances involves an examination of past performance as well as projections of future operating activity. By understanding the challenges of the past and future, coupled with potential opportunities, a strong set of operating goals and objectives can emerge and guide decision-making.

Since any set of projections also employs the use of assumptions, it is important to note that revenues projections were based on several key factors. These include actual contribution rates where known, industry estimates, anticipated contract changes, capital projections, expected debt issuance and inflationary factors. In general, costs were inflated between 0% and 10%. Some of the key assumptions used to assemble these projections include:

- No new development is projected in the next 5 years
- Population remains stable
- Full-time wage adjustments are limited to 1% of top pay only for 2011
- Adjustments to the pay plan for 2012 and 2013 are projected at 2%, and at 3% for 2014 and beyond
- Health insurance costs rise at 10% per year
- Liability and workers compensation insurance premiums rise 7% per year
- Most contractual costs are expected to rise between 0% and 3% per year, while police and fire contracts, central garage charges, fuel and utility costs are expected to rise between 3% and 8% per year
- Property values are projected to drop 5.7% for 2011, 2% for 2012, and hold steady for one year
- Modest property value increases of 2% per year are projected beginning in 2014

The format of this document includes a discussion for each fund, including a set of projections (in table form), graphs to help illustrate operating results, a brief narrative examination of past performance, and specific goals/targets tailored for the fund.

Levy, Value and Tax Rate Projections

A number of factors determine the final property tax bill, including tax levies for all local jurisdictions, state aids and credits, levy limits, special levies, property values, metro-wide pooling of commercial/industrial values (known as fiscal disparities), and tax rates. This section provides a brief overview of these factors.

Property tax levies provide support for General Fund operations, general obligation debt, and capital funds. The table on the next page provides a five-year historical review of levy and value changes as well as consolidated predictions based on individual fund projections included in this document.

Market Value Homestead Credit (MVHC)—Beginning in 2002 the State replaced the homestead credit program with a market value based program designed to buy down property taxes on homes valued below \$400,000, and to reimburse local governments for the reduction in total tax collections. The credit is applied on a sliding scale that decreases as home value rises. For instance, a home valued at \$76,000 receives the maximum credit of \$304, while a home above \$400,000 receives no credit. The credit is provided as a reduction in tax for all jurisdictions, and therefore does not appear as a separate line on the property tax statement.

Year	Received	Lost	Total
2002	\$ 524,540	\$ -	\$ 524,540
2003	-	468,075	468,075
2004	-	428,437	428,437
2005	-	372,956	372,956
2006	-	311,182	311,182
2007	274,661	-	274,661
2008	139,069	139,069	278,138
2009	6,749	286,344	293,093
2010	-	323,226	323,226
2011		352,141	352,141
Total	\$ 945,019	\$ 2,681,430	\$ 3,626,449
	26.1%	73.9%	100.0%

Since the program began, the State of Minnesota has reimbursed the City for about 26% of the \$3.6 million in credits granted to homeowners. In essence, the State cut Shoreview’s tax collections after levies were set in each year where a MVHC loss occurred. For 2011, the General Fund will lose approximately \$350,000 of tax receipts, and the HRA fund will lose an estimated \$2,141. Over the last 4 years alone the City has lost \$1.1 million of tax revenue as a result of MVHC cuts.

Levy Limits—In some years, State statutes place restrictions on levies for local governments through levy limits. For 2010, Shoreview’s levy was \$211,327 below the maximum allowed levy limit, and is expected to be \$373,000 below the maximum allowed levy for 2011.

Tax Levy—The largest share of the tax levy is allocated to the General fund. Over the last 6 years (from 2005 to 2010) the General Fund share of the tax levy has declined from a high of 75% in 2006 to 70.5% in 2011, while the share of the levy dedicated to debt payments and capital costs has risen. This trend is expected to continue over the next 5 years due to increased repair and replacement costs.

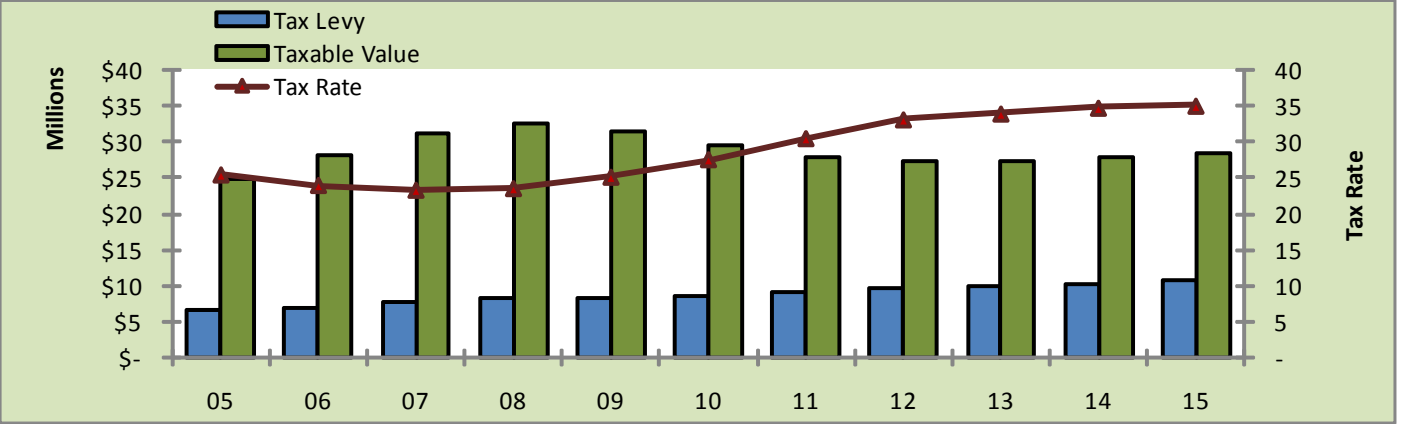
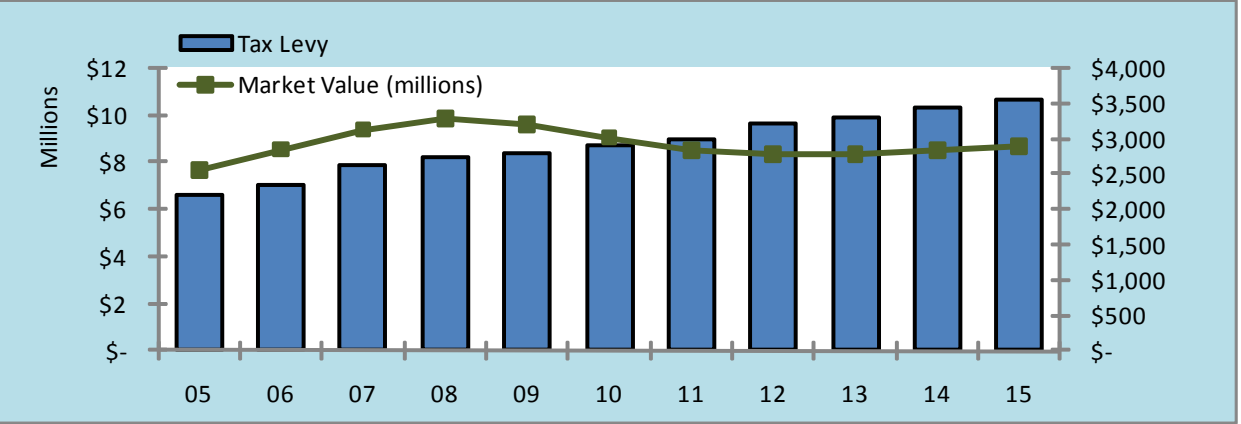
Declining Values—Between 2005 and 2008, both market values and taxable values increased nearly 10% per year. Since 2008 the economic climate has resulted in declining property values, and further reductions are expected to continue through 2012. Preliminary information from the county assessor indicates that values for 2011 taxes are expected to decline about 5.7%. The projections in this document assume that values will drop another 2% for 2012, hold constant for 2013, followed by modest increases of about 2% per year.

Fiscal Disparities—The fiscal disparities formula, provided in State Statutes, takes 40% of the value of new commercial and industrial development in the metro area and redistributes the value back to each community based on a formula. The result is either a net gain or net loss in tax dollars from the pool.

Shoreview’s share of the metro-wide fiscal disparities pool decreased in 2005 and 2006, most likely due to new construction at the Rice Creek Corporate Park. Shoreview’s share of the pool has increased between .6% and 13.9% per year since 2006, and is expected to increase in the future (although at a somewhat slower pace).

Tax Rates—The tax rate measures the combined change in levies and values. Because values generally grew faster than the tax levy from 2005 to 2008, the tax rate dropped, followed by a rise in the rate starting in 2009 (when values began dropping). For the future, the expected decline in market values and the projected rise in the City’s levy, will result in higher tax rates. As market values begin to recover, the growth in the tax rate is expected to slow by the year 2014.

Levy and Value Projections	2005 Adopted	2006 Adopted	2007 Adopted	2008 Adopted	2009 Adopted	2010 Adopted	2011 Proposed	2012 Projected	2013 Projected	2014 Projected	2015 Projected
Tax Levy											
General fund (net of lost MVHC)	\$ 4,905,442	\$ 5,273,992	\$ 5,769,604	\$ 5,864,176	\$ 6,017,590	\$ 6,228,739	\$ 6,345,734	\$ 6,651,053	\$ 6,832,896	\$ 7,196,322	\$ 7,423,646
Economic Development Authority fund	-	-	-	-	-	-	25,000	35,000	45,000	50,000	55,000
Debt service-all debt funds combined	335,000	336,000	582,000	600,000	553,000	565,000	527,000	609,000	629,000	629,000	605,000
Debt service-Central Garage fund	-	-	-	-	-	-	98,000	216,000	184,000	184,000	208,000
Capital project-Street Renewal fund	445,000	485,000	500,000	600,000	650,000	700,000	750,000	800,000	850,000	900,000	950,000
Capital project-General Fixed Asset fund	822,000	863,000	900,000	1,000,000	1,050,000	1,100,000	1,150,000	1,180,000	1,210,000	1,240,000	1,270,000
Capital project-Capital Improvement fund	60,000	70,000	80,000	120,000	80,000	90,000	100,000	110,000	120,000	130,000	140,000
Total Levy (net of MVHC loss)	\$ 6,567,442	\$ 7,027,992	\$ 7,831,604	\$ 8,184,176	\$ 8,350,590	\$ 8,683,739	\$ 8,995,734	\$ 9,601,053	\$ 9,870,896	\$ 10,329,322	\$ 10,651,646
HRA Tax Levy (net of MVHC loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,035	\$ 57,859	\$ 67,550	\$ 72,375	\$ 77,200	\$ 82,025
Market Value (millions)	\$ 2,544.6	\$ 2,844.9	\$ 3,124.9	\$ 3,276.2	\$ 3,198.3	\$ 3,015.6	\$ 2,842.5	\$ 2,785.7	\$ 2,785.7	\$ 2,841.4	\$ 2,898.2
Taxable Value (millions)	\$ 25.0	\$ 28.2	\$ 31.1	\$ 32.6	\$ 31.4	\$ 29.6	\$ 27.8	\$ 27.2	\$ 27.2	\$ 27.8	\$ 28.3
Fiscal Disparities	\$ 588,353	\$ 575,187	\$ 578,898	\$ 655,967	\$ 747,308	\$ 832,802	\$ 866,880	\$ 918,893	\$ 955,649	\$ 993,875	\$ 1,033,630
Tax Rate (City only)	25.445	23.974	23.299	23.532	25.129	27.569	30.510	33.127	33.947	34.758	35.038
Tax Rate/HRA	-	-	-	-	-	0.169	0.216	0.257	0.275	0.288	0.300
Annual Change in City Tax Levy											
General fund (net of MVHC loss)	\$ 107,428	\$ 368,550	\$ 495,612	\$ 94,572	\$ 153,414	\$ 211,149	\$ 116,995	\$ 305,319	\$ 181,843	\$ 363,426	\$ 227,324
Economic Development Authority fund	-	-	-	-	-	-	25,000	10,000	10,000	5,000	5,000
Debt service-all debt funds combined	65,000	1,000	246,000	18,000	(47,000)	12,000	(38,000)	82,000	20,000	-	(24,000)
Debt service-Central Garage fund	-	-	-	-	-	-	98,000	118,000	(32,000)	-	24,000
Capital project funds-replacements	168,000	81,000	52,000	200,000	100,000	100,000	100,000	80,000	80,000	80,000	80,000
Capital project funds-improvements	10,000	10,000	10,000	40,000	(40,000)	10,000	10,000	10,000	10,000	10,000	10,000
Total Change in Tax Levy	\$ 350,428	\$ 460,550	\$ 803,612	\$ 352,572	\$ 166,414	\$ 333,149	\$ 311,995	\$ 605,319	\$ 269,843	\$ 458,426	\$ 322,324
Percent Change/Tax Data											
Market Value	12.9%	11.80%	9.84%	4.84%	-2.38%	-5.71%	-5.74%	-2.00%	0.00%	2.00%	2.00%
Taxable Value	12.0%	13.02%	10.33%	4.67%	-3.56%	-5.67%	-6.25%	-2.00%	0.00%	2.00%	2.00%
Fiscal Disparities	-4.3%	-2.24%	0.65%	13.31%	13.92%	11.44%	4.09%	6.00%	4.00%	4.00%	4.00%
City Tax Levy (net of MVHC cuts)	5.6%	7.01%	11.43%	4.50%	2.03%	3.99%	3.59%	6.73%	2.81%	4.64%	3.12%
City Tax Rate	-6.0%	-5.78%	-2.81%	1.00%	6.79%	9.71%	10.67%	8.58%	2.47%	2.39%	0.81%
HRA Tax Levy (net of MCHC cuts)							20.45%	16.75%	7.14%	6.67%	6.25%
HRA Tax Rate							28.00%	19.05%	7.14%	4.58%	4.17%

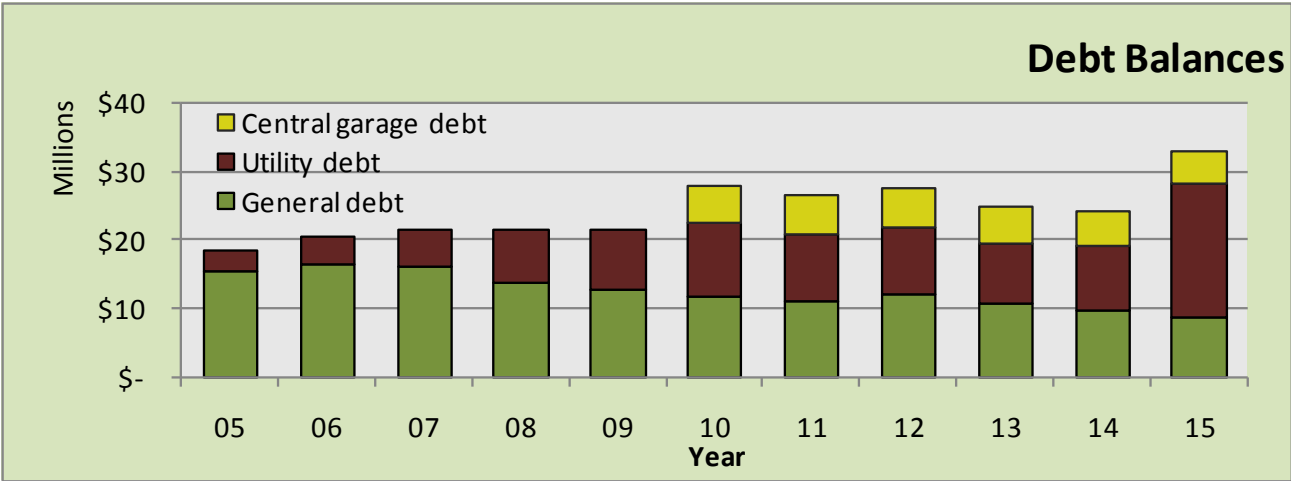


Debt Projections

Balancing the use of current resources and bonded debt for financing capital projects is an important aspect of capital project and debt management. Maintaining stable revenue sources and sufficient fund balances allows the City to finance some projects internally, and therefore promotes flexibility.

Debt Balances—The graph below, and the table on the next page provides a consolidated summary of outstanding debt as of December 31, 2010:

G.O. Improvement Bonds (assessments)	\$ 1,610,000
G.O. Tax Increment Bonds	2,180,000
G.O. Capital Plan Bonds (fire stations)	1,175,000
G.O. Street Improvement Bonds (streets)	2,160,000
Certificates of Participation (comm center)	4,695,000
G.O. Capital Plan Bonds (maint center)	5,615,000
G.O. Revenue Bonds (utility costs)	<u>10,710,000</u>
Total Existing Debt	\$28,145,000

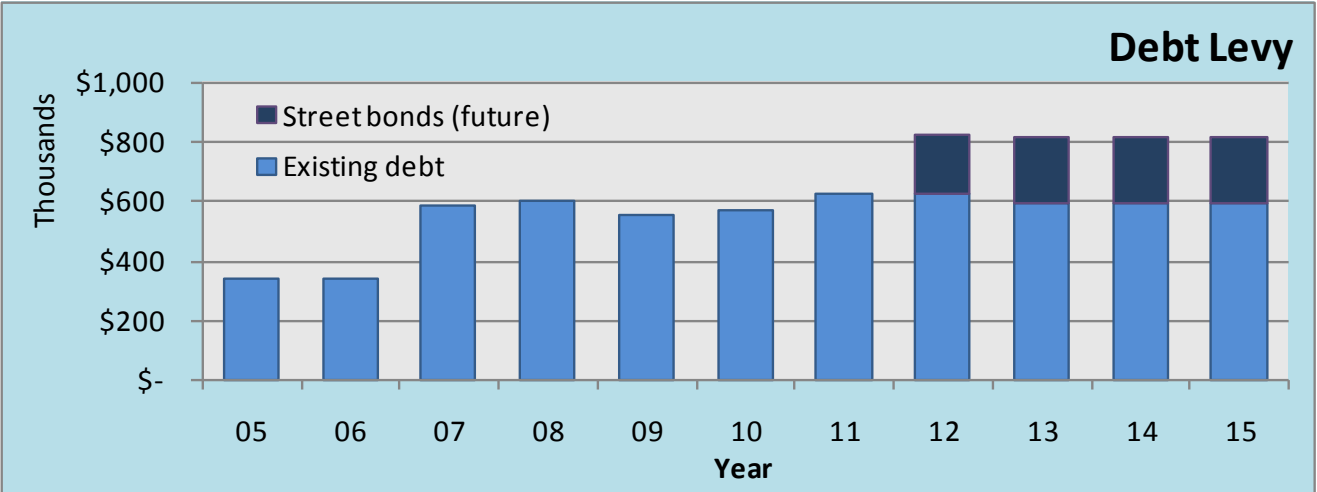


Projected debt issuance over the next 5 years includes:

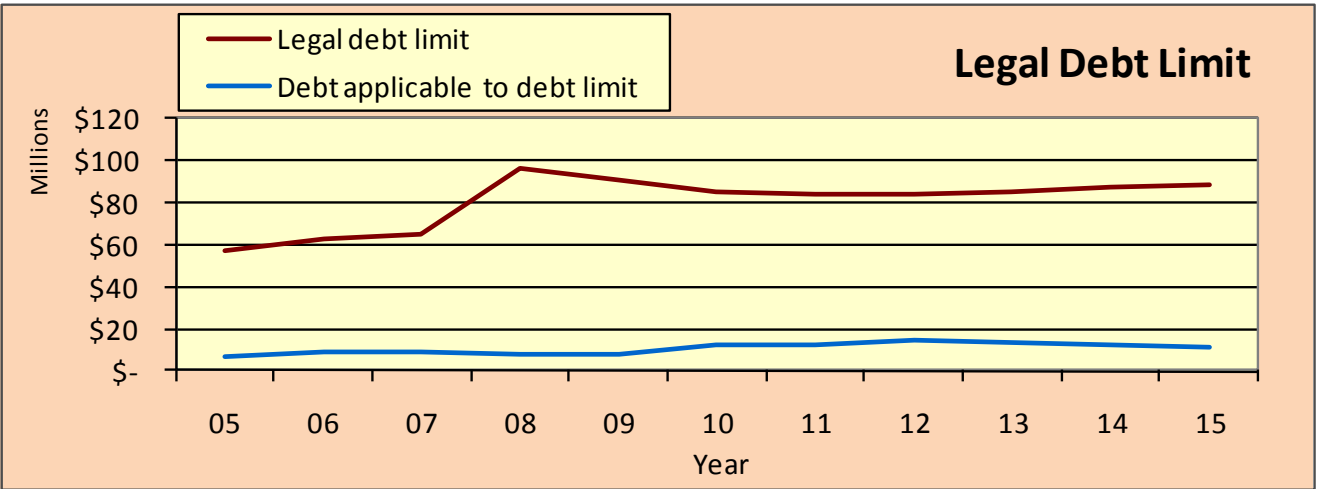
G.O. Improvement Bonds (assessments)	\$ 830,000
G.O. Street Improvement Bonds (streets)	2,500,000
G.O. Revenue Bonds (water treatment plant)	9,000,000
G.O. Revenue Bonds (utility costs)	<u>3,970,000</u>
Total Planned Debt	\$16,300,000

During the same 5-year period, the City will retire \$11.4 million in debt.

Debt Levy—The debt portion of the tax levy supports principal and interest payments on general obligation bonds, including: fire station bonds, street bonds, and the tax-supported share of the maintenance center bonds. As shown in the graph below, the only planned increase in the debt levy is for future street bonds.



Debt Limit—Minnesota statutes limit the amount of debt a City may issue for general obligation purposes. Currently, the City has used about 14.9% of the available debt limit, leaving 85.1% available. Planned issuance of street bonds in 2012 will decrease the available margin to 82.9%, and as debt payments occur the margin will gradually increase. The stability of this favorable measure, even with projected debt issuance, provides an indication of Shoreview’s financial flexibility (historically using debt to finance a relatively small share of the costs planned as part of the annual CIP).



Debt Related Projections	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Estimated	Projected	Projected	Projected	Projected	Projected
Debt Balances											
General Obligation Bonds											
Improvement bonds	\$ 2,300,000	\$ 2,120,000	\$ 1,820,000	\$ 1,835,000	\$ 1,765,000	\$ 1,610,000	\$ 1,350,000	\$ 1,255,000	\$ 1,095,000	\$ 1,315,000	\$ 1,400,000
Tax Increment bonds	5,700,000	4,770,000	4,925,000	2,845,000	2,510,000	2,180,000	1,830,000	1,320,000	690,000	350,000	-
Fire Station *	1,600,000	1,535,000	1,450,000	1,360,000	1,270,000	1,175,000	1,075,000	975,000	870,000	760,000	645,000
Street Improvements *	-	2,500,000	2,500,000	2,435,000	2,300,000	2,160,000	2,015,000	4,365,000	4,085,000	3,795,000	3,495,000
Community Center Expansion (COPs) *	5,950,000	5,660,000	5,430,000	5,190,000	4,940,000	4,695,000	4,695,000	4,350,000	3,995,000	3,640,000	3,275,000
Total General Debt	\$ 15,550,000	\$ 16,585,000	\$ 16,125,000	\$ 13,665,000	\$ 12,785,000	\$ 11,820,000	\$ 10,965,000	\$ 12,265,000	\$ 10,735,000	\$ 9,860,000	\$ 8,815,000
Maintenance Center *	-	-	-	-	-	5,615,000	5,615,000	5,515,000	5,270,000	5,025,000	4,775,000
G.O. Revenue Bonds (utility funds)											
Water bonds	1,850,000	2,495,000	3,120,000	5,210,000	4,895,000	5,710,000	5,250,000	5,090,000	4,710,000	4,890,000	14,105,000
Sewer bonds	365,000	605,000	835,000	1,370,000	1,315,000	2,220,000	2,130,000	1,985,000	1,830,000	1,860,000	2,345,000
Surface Water bonds	895,000	815,000	1,335,000	1,485,000	2,555,000	2,780,000	2,555,000	2,690,000	2,415,000	2,720,000	3,010,000
Total Utility Debt	\$ 3,110,000	\$ 3,915,000	\$ 5,290,000	\$ 8,065,000	\$ 8,765,000	\$ 10,710,000	\$ 9,935,000	\$ 9,765,000	\$ 8,955,000	\$ 9,470,000	\$ 19,460,000
Total Combined Debt	\$ 18,660,000	\$ 20,500,000	\$ 21,415,000	\$ 21,730,000	\$ 21,550,000	\$ 28,145,000	\$ 26,515,000	\$ 27,545,000	\$ 24,960,000	\$ 24,355,000	\$ 33,050,000
Market Value in ensuing year (millions)	\$ 2,844.9	\$ 3,124.9	\$ 3,276.2	\$ 3,198.3	\$ 3,015.6	\$ 2,842.5	\$ 2,785.7	\$ 2,785.7	\$ 2,841.4	\$ 2,898.2	\$ 2,956.0
Debt limit rate	2.0%	2.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Debt limit	\$ 56,897,808	\$ 62,498,286	\$ 65,524,640	\$ 95,948,310	\$ 90,467,340	\$ 85,275,687	\$ 83,570,172	\$ 83,570,172	\$ 85,241,574	\$ 86,946,405	\$ 88,680,000
Debt subject to debt limit *	\$ 7,550,000	\$ 9,695,000	\$ 9,380,000	\$ 8,985,000	\$ 8,510,000	\$ 13,645,000	\$ 13,400,000	\$ 15,205,000	\$ 14,220,000	\$ 13,220,000	\$ 12,190,000
Less available balances	(629,138)	(639,993)	(765,711)	(909,991)	(898,815)	(907,000)	(914,000)	(926,000)	(935,000)	(945,000)	(957,000)
Net debt applicable to limit	\$ 6,920,862	\$ 9,055,007	\$ 8,614,289	\$ 8,075,009	\$ 7,611,185	\$ 12,738,000	\$ 12,486,000	\$ 14,279,000	\$ 13,285,000	\$ 12,275,000	\$ 11,233,000
Available debt margin	\$ 49,976,946	\$ 53,443,279	\$ 56,910,351	\$ 87,873,301	\$ 82,856,155	\$ 72,537,687	\$ 71,084,172	\$ 69,291,172	\$ 71,956,574	\$ 74,671,405	\$ 77,447,000
Percent of debt margin available	87.8%	85.5%	86.9%	91.6%	91.6%	85.1%	85.1%	82.9%	84.4%	85.9%	87.3%
Debt Levy - Debt Funds											
Existing bonds	\$ 335,000	\$ 336,000	\$ 582,000	\$ 600,000	\$ 553,000	\$ 565,000	\$ 527,000	\$ 409,000	\$ 409,000	\$ 409,000	\$ 385,000
Future Street bonds	-	-	-	-	-	-	-	200,000	220,000	220,000	220,000
Subtotal - Debt Service Funds	335,000	336,000	582,000	600,000	553,000	565,000	527,000	609,000	629,000	629,000	605,000
Debt Levy - Central Garage Fund											
Maintenance Center bonds	-	-	-	-	-	-	98,000	216,000	184,000	184,000	208,000
Total Projected Debt Levy	\$ 335,000	\$ 336,000	\$ 582,000	\$ 600,000	\$ 553,000	\$ 565,000	\$ 625,000	\$ 825,000	\$ 813,000	\$ 813,000	\$ 813,000

Debt Service Funds	Actual	Actual	Actual	Actual	Actual	Estimated	Projected	Projected	Projected	Projected	Projected
Combined Operating Projections	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue											
Property taxes	\$ 328,827	\$ 331,784	\$ 581,374	\$ 589,148	\$ 547,952	\$ 565,000	\$ 527,000	\$ 609,000	\$ 629,000	\$ 629,000	\$ 605,000
Special assessments	220,260	216,268	150,992	157,873	206,002	123,076	144,311	129,358	146,226	124,384	143,186
Interest	22,647	49,323	58,838	60,424	18,870	18,050	16,750	21,200	22,500	21,662	20,555
Other	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	\$ 571,734	\$ 597,375	\$ 791,204	\$ 807,445	\$ 772,824	\$ 706,126	\$ 688,061	\$ 759,558	\$ 797,726	\$ 775,046	\$ 768,741
Expense											
Principal payments	1,625,000	1,670,000	1,550,000	1,705,000	1,115,000	1,120,000	855,000	1,390,000	1,530,000	1,265,000	1,295,000
Interest and agent fees	704,913	580,492	684,748	616,824	535,526	504,589	343,328	347,058	399,416	363,385	337,080
Total Expense	\$2,329,913	\$2,250,492	\$2,234,748	\$2,321,824	\$1,650,526	\$1,624,589	\$1,198,328	\$1,737,058	\$1,929,416	\$1,628,385	\$1,632,080
Other Sources (Uses)											
Bond proceeds	-	19,201	1,107,027	19,225	2,819	4,699,000	-	18,300	-	6,100	3,250
Payments on refunded bonds	(2,550,000)	-	-	(1,085,000)	-	(5,076,810)	-	-	-	-	-
Transfers in	1,714,088	1,698,345	1,558,220	1,650,495	901,872	888,505	870,000	1,018,000	1,119,039	813,000	807,292
Transfers out	(120,588)	(67,684)	(15,000)	-	(2,872)	(1,505)	-	-	-	-	-
Total Other Sources (Uses)	\$ (956,500)	\$1,649,862	\$2,650,247	\$ 584,720	\$ 901,819	\$ 509,190	\$ 870,000	\$1,036,300	\$1,119,039	\$ 819,100	\$ 810,542
Net change	(2,714,679)	(3,255)	1,206,703	(929,659)	24,117	(409,273)	359,733	58,800	(12,651)	(34,239)	(52,797)
Fund equity, beginning	3,885,190	1,170,511	1,167,256	2,373,959	1,444,300	1,468,417	1,059,144	1,418,877	1,477,677	1,465,026	1,430,787
Fund equity, ending	\$1,170,511	\$1,167,256	\$2,373,959	\$1,444,300	\$1,468,417	\$1,059,144	\$1,418,877	\$1,477,677	\$1,465,026	\$1,430,787	\$1,377,990
Fund equity percent of expense	52.0%	52.2%	102.2%	87.5%	90.4%	88.4%	81.7%	76.6%	90.0%	87.7%	106.7%
Months of debt payment coverage	6.2	6.3	12.3	10.5	10.8	10.6	9.8	9.2	10.8	10.5	12.8
Expense percent change	8.0%	-3.4%	-0.7%	3.9%	-28.9%	-1.6%	-26.2%	45.0%	11.1%	-15.6%	0.2%
Annual average percent change (expense)					-4.2%						2.1%
Tax levy percent change	22.5%	0.9%	75.2%	1.3%	-7.0%	3.1%	-6.7%	15.6%	3.3%	0.0%	-3.8%
Annual average percent change (taxes)					18.6%						1.9%

Combined Debt Service Funds

Debt Service funds account for the payment of principal and interest on debt that is not accounted for in utility or internal service funds, as well as revenue sources dedicated to support payments on debt.

Impacts

- Revenue in support of debt payments for 2011 is derived from transfers in (55%) property taxes (34%), special assessments (9%) and interest earnings
- Transfers for debt payments are from the General fund (\$100,000), TIF #2/City Center fund (\$425,000), General Fixed Asset Replacement fund (\$180,000) and the Capital Improvement fund (\$165,000)

Performance/History

- Operating coverage equal to 6 to 10 months
- Positive cash flows
- Advance refunding of the 2002 Certificates of Participation during 2010, saving more than \$200,000 in interest costs on a net present value basis

Fund Goals/Targets

- Preserve a minimum of 6 months of operating coverage
- Hold General fund support to \$100,000 per year until retirement of the community center expansion debt, then reduce General fund support to zero

Total Operating Costs

Combined operating spending for all funds (excluding transfers between funds) is projected to rise 1.2% for 2011, and will rise between 3% and 5% from 2012 through 2015 (including increased debt service costs for the maintenance center addition and 2012 street bonds).

Summary

The remainder of this document provides operating information and projections for individual operating funds. These projections inform the City’s long-term strategies, and have influenced the proposed 2011 Budget. The financial planning effort gained by this document, combined with the City’s Capital Improvement Program and Comprehensive Infrastructure Replacement Plan will further develop and preserve Shoreview’s financial resiliency (particularly during the current economic climate) and will serve to:

- Deliver a consistent program of public services
- Maintain the trust and confidence of the citizens and business owners throughout Shoreview
- Preserve favorable comparisons to surrounding communities

By understanding future projections, given the present set of decisions and assumptions, the City has the opportunity to exert greater control over outcomes through each annual budget.

Shoreview’s City Council began its review of this FYOP in August with preliminary projections. Subsequent revisions initiated as a result of budget discussions have been incorporated into the document.

We thank all departments and the City Council for their diligence and commitment to long-term planning.

Jeanne Haapala, Finance Director and Terry Schwerm, City Manager

General Fund Operations

The General Fund is the primary operating fund of the City, accounting for all operations not otherwise accounted for in separate funds. Property taxes provide 75% of revenues for the fund.

The City’s fund balance policy addresses General Fund cash flow needs by designating 50% of the ensuing year tax levy as a minimum fund balance and by designating up to 10% of the ensuing year budgeted expense to provide additional protection against unanticipated events. A special allocation was also set aside at the end of 2009 to cover the planned cost of a community survey.

Impacts

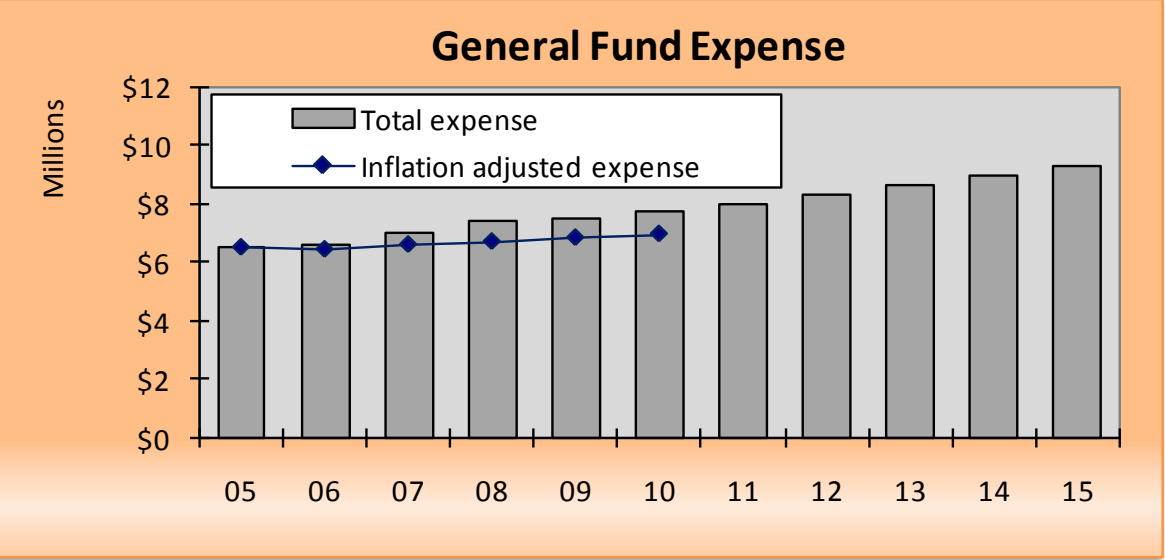
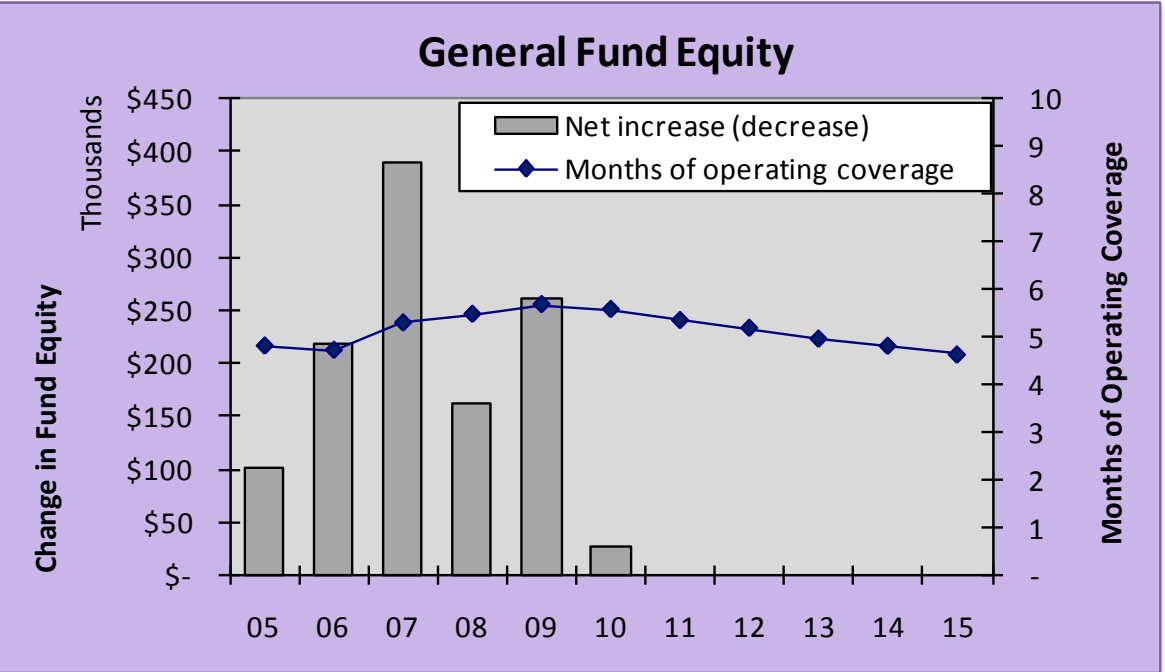
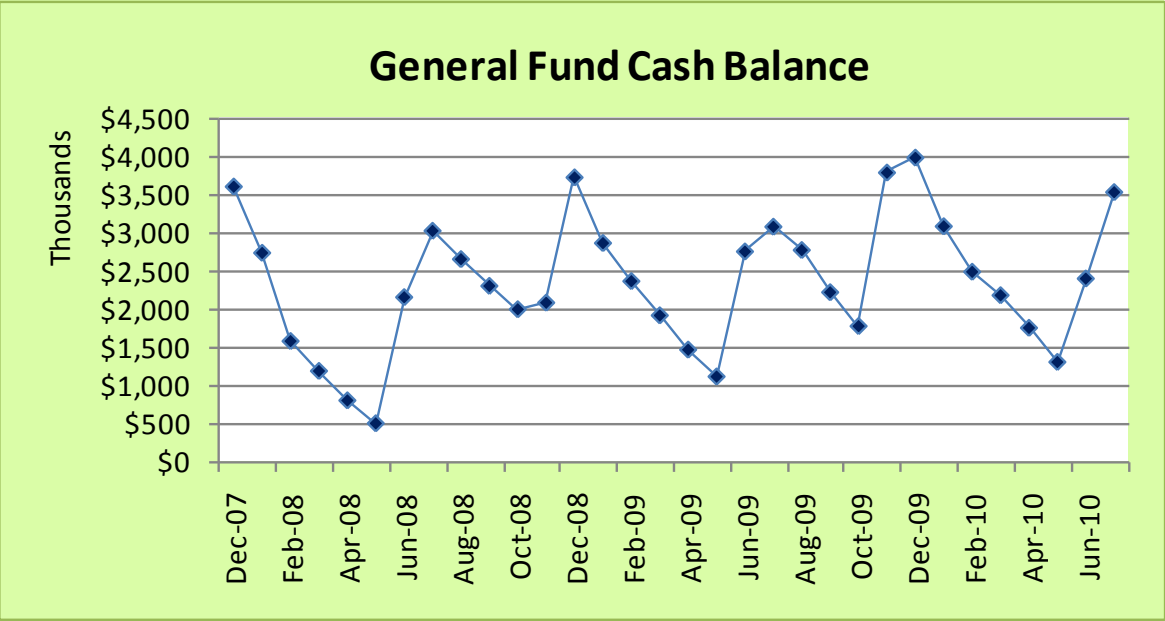
- Shoreview receives less aid than cities of similar size, making it more challenging to maintain competitive property tax levels
- The majority of the market value homestead credit is allocated to the General Fund, and the aid has been cut or eliminated altogether by the State in recent years (\$1 million in combined loss over the last 5 years). Expected General Fund loss equal to \$321,261 in 2010, and \$350,000 in 2011.
- Property taxes provide 75% of General Fund revenue
- Property tax collections occur in July and December, creating cash flow challenges for the fund

Performance/History

- Strong fund balances between 43% and 49% of current expense
- Operating coverage equal to 4 to 5 months
- Market value homestead credit losses in most years
- Internal decisions account for more than 90% of revenue sources

Fund Goals/Targets

- To manage cash flow needs, preserve working capital allocation equal to 50% of the ensuing year levy (minimum fund equity per City policy)
- To provide flexibility in addressing future budget challenges, preserve the unanticipated event allocation equal to 10% of the ensuing year budget where possible
- Maintain operating coverage equal to 4 to 5 months



General Fund	Actual	Actual	Actual	Actual	Actual	Estimated	Projected	Projected	Projected	Projected	Projected
Operating Projections	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue											
Property taxes (net of MVHC loss)	\$ 4,812,357	\$ 5,228,012	\$ 5,512,552	\$ 5,619,188	\$ 5,963,199	\$ 6,228,000	\$ 6,345,734	\$ 6,651,053	\$ 6,832,896	\$ 7,196,322	\$ 7,423,646
Licenses and permits	479,418	519,666	653,392	531,895	368,878	290,450	281,150	280,550	281,550	276,350	276,850
Intergovernmental	26,158	26,453	300,250	173,767	32,486	24,602	24,602	24,602	24,602	24,602	24,602
MSA Maintenance	26,835	27,195	27,194	26,835	148,835	150,647	151,000	152,000	153,000	154,000	155,000
Charges for services - external	175,289	192,399	143,423	139,916	101,189	69,730	82,400	84,437	85,639	86,197	87,156
Charges for services - internal	1,007,174	848,377	1,038,213	1,023,981	1,155,856	1,026,860	1,049,840	1,069,350	1,120,580	1,135,860	1,157,740
Fines and forfeits	55,782	52,605	49,462	55,814	55,582	41,000	42,500	41,500	41,500	41,500	41,500
Interest	59,066	121,010	147,135	126,932	47,381	45,000	50,000	50,000	50,000	50,000	50,000
Miscellaneous	28,945	29,091	28,416	35,524	27,289	26,590	26,442	26,400	26,400	26,400	26,400
Total Revenue	\$ 6,671,024	\$ 7,044,808	\$ 7,900,037	\$ 7,733,852	\$ 7,900,695	\$ 7,902,879	\$ 8,053,668	\$ 8,379,892	\$ 8,616,167	\$ 8,991,231	\$ 9,242,894
Expense											
General government	1,553,797	1,558,792	1,582,589	1,670,719	1,614,834	1,777,603	1,790,866	1,904,624	1,911,404	2,022,813	2,040,870
Public safety	1,975,652	2,073,007	2,142,188	2,256,534	2,383,720	2,446,355	2,573,947	2,720,192	2,874,946	3,043,518	3,173,111
Public works	1,145,392	1,112,256	1,247,921	1,276,321	1,296,285	1,300,112	1,376,037	1,406,647	1,454,204	1,500,203	1,550,942
Parks and recreation	1,225,103	1,268,116	1,349,630	1,461,716	1,499,148	1,562,583	1,557,695	1,603,931	1,648,547	1,701,364	1,758,803
Community development	495,600	514,788	558,545	592,246	558,629	563,721	556,814	558,088	564,266	577,173	593,238
Miscellaneous	94,460	100,375	110,135	117,609	145,689	121,780	127,309	131,610	135,800	140,160	144,930
Total Expense	\$ 6,490,004	\$ 6,627,334	\$ 6,991,008	\$ 7,375,145	\$ 7,498,305	\$ 7,772,154	\$ 7,982,668	\$ 8,325,092	\$ 8,589,167	\$ 8,985,231	\$ 9,261,894
Other Sources (Uses)											
Transfers in/utility funds	240,000	240,000	240,000	240,000	273,000	312,000	341,000	370,000	404,000	433,000	471,000
Transfers out/special revenue funds	(239,000)	(233,274)	(251,000)	(337,000)	(307,000)	(315,000)	(312,000)	(324,000)	(331,000)	(339,000)	(352,000)
Transfers out/debt funds	(80,000)	(90,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Transfers out/capital funds	-	(116,678)	(348,483)	-	(8,344)	-	-	(800)	-	-	-
Transfers out/utility funds	-	-	(60,000)	-	-	-	-	-	-	-	-
Total Other Sources (Uses)	\$ (79,000)	\$ (199,952)	\$ (519,483)	\$ (197,000)	\$ (142,344)	\$ (103,000)	\$ (71,000)	\$ (54,800)	\$ (27,000)	\$ (6,000)	\$ 19,000
Net change	102,020	217,522	389,546	161,707	260,046	27,725	-	-	-	-	-
Fund equity, beginning	2,731,807	2,833,827	3,051,349	3,440,895	3,602,602	3,862,648	3,890,373	3,890,373	3,890,373	3,890,373	3,890,373
Fund equity, ending	\$ 2,833,827	\$ 3,051,349	\$ 3,440,895	\$ 3,602,602	\$ 3,862,648	\$ 3,890,373	\$ 3,890,373	\$ 3,890,373	\$ 3,890,373	\$ 3,890,373	\$ 3,890,373
Fund equity percent of expense	42.8%	43.6%	46.7%	48.0%	49.7%	48.7%	46.7%	45.3%	43.3%	42.0%	40.4%
Months of operating coverage	4.8	4.7	5.3	5.5	5.7	5.6	5.3	5.2	5.0	4.8	4.6
Expense percent change	4.3%	2.1%	5.5%	5.5%	1.7%	3.7%	2.7%	4.3%	3.2%	4.6%	3.1%
Annual average percent change (expense)						3.8%					3.6%
Tax levy percent change	-0.5%	8.6%	5.4%	1.9%	6.1%	4.4%	1.9%	4.8%	2.7%	5.3%	3.2%
Annual average percent change (taxes)						4.3%					3.6%
Revenue/internal decisions (percent)	88.1%	87.1%	83.8%	86.7%	92.3%	93.9%	94.0%	94.2%	94.3%	94.6%	94.8%
Revenue/external decisions (percent)	11.9%	12.9%	16.2%	13.3%	7.7%	6.1%	6.0%	5.8%	5.7%	5.4%	5.2%
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Recycling Fund Operations

The Recycling Fund accounts for the City’s curbside recycling program, through a joint powers agreement with Ramsey County. User fees are collected with property taxes, therefore, the timing of receipts matches that of tax collections.

Impacts

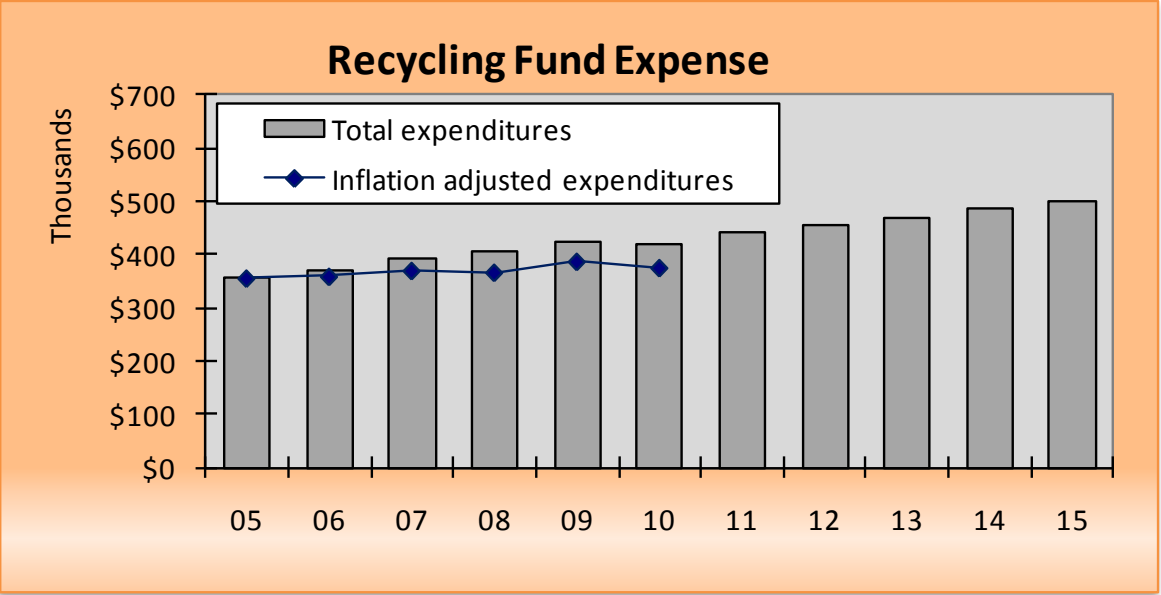
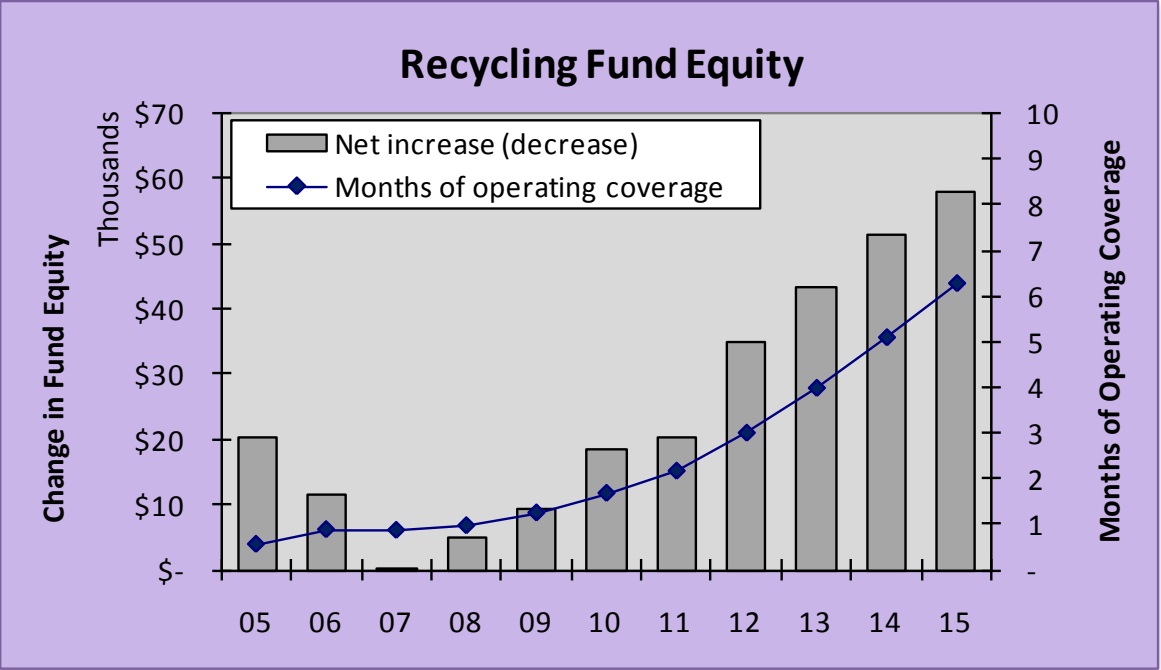
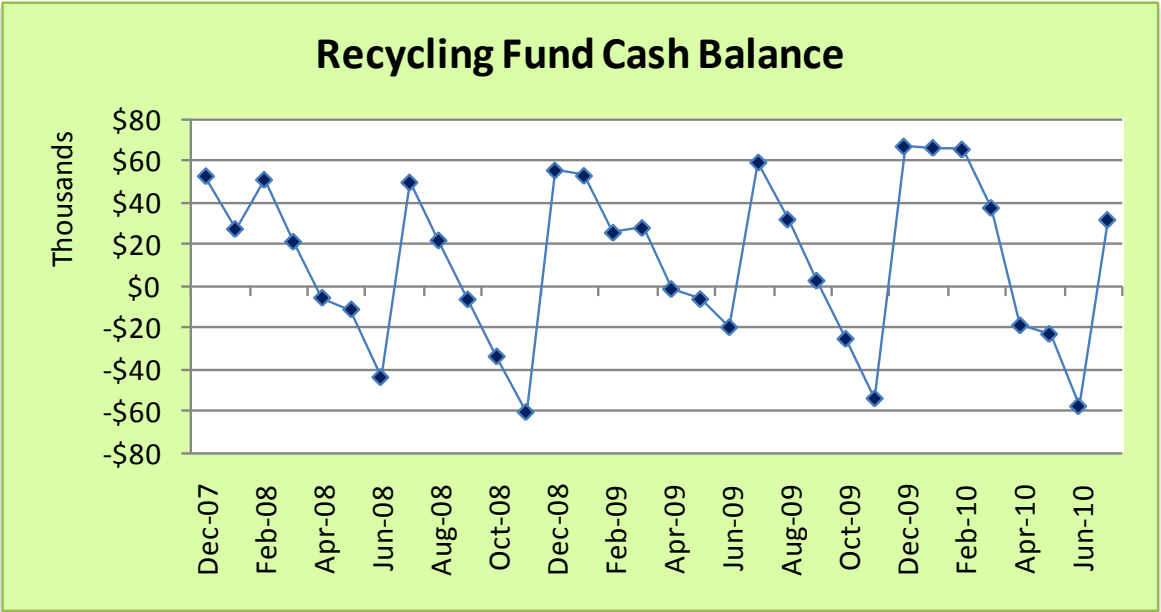
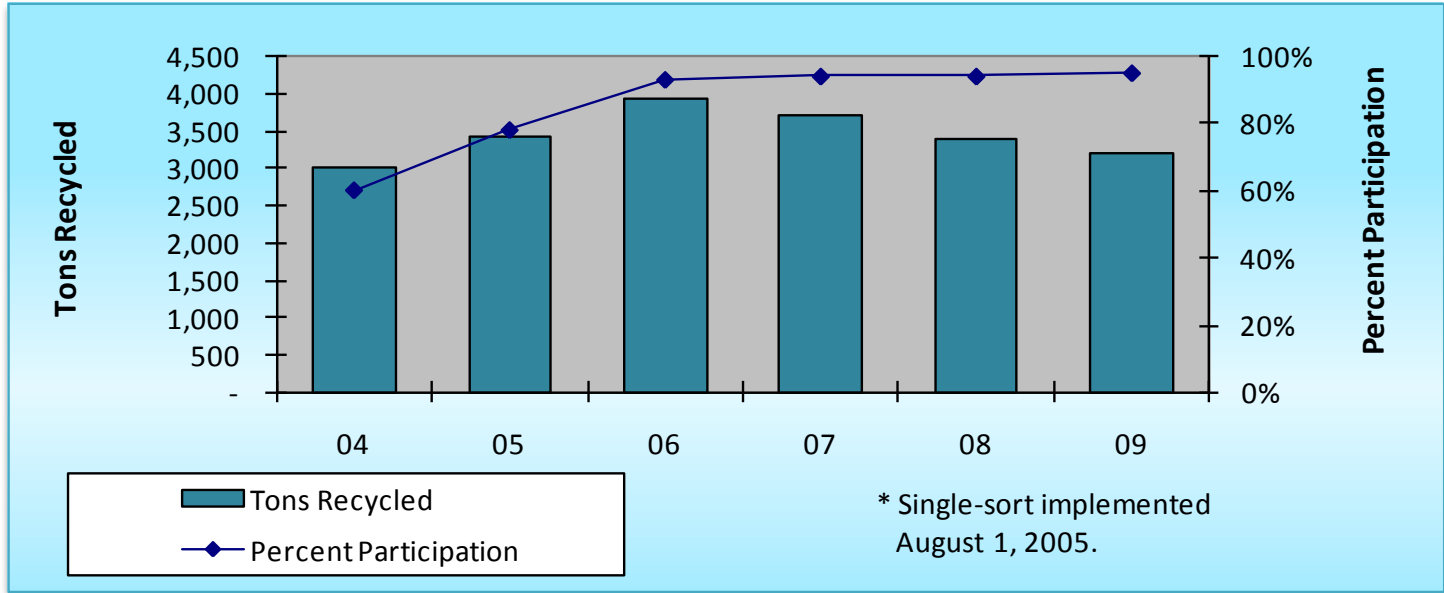
- SCORE grant funding has grown at a slower pace than program costs
- SCORE grant funds provide between 10% and 12% of revenue
- Reductions in newspaper circulation have significantly reduced the tons of materials recycled
- Participation rates are the highest in 6 years (95%)
- User fees provide 87% of revenue
- User fees are received in July and December, creating cash flow challenges for the fund

Performance/History

- Operating coverage of less than 1 month in 3 out of 5 years
- Periodic negative cash balances due to the timing of revenue from user fees

Fund Goals/Targets

- Gradually build fund balance and improve cash flow performance
- Establish recycling fees sufficient to generate operating coverage of 6 months within 5 years, and pay interest to the investment pool for negative cash balances in years where the average monthly cash balance is a deficit balance



Recycling Fund	Actual	Actual	Actual	Actual	Actual	Estimated	Projected	Projected	Projected	Projected	Projected
Operating Projections	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue											
Intergovernmental											
SCORE	\$ 50,023	\$ 49,571	\$ 48,803	\$ 53,490	\$ 53,359	\$ 54,000	\$ 54,000	\$ 55,000	\$ 56,000	\$ 57,000	\$ 58,000
Other local govts	5,727	7,317	7,334	3,892	6,189	6,000	6,000	6,000	6,000	6,000	6,000
Charges for services	319,937	324,807	335,190	350,685	373,097	376,700	403,500	430,500	451,500	473,500	494,500
Interest	-	-	881	360	269	-	-	-	-	-	-
Total Revenue	\$ 375,687	\$ 381,695	\$ 392,208	\$ 408,427	\$ 432,914	\$ 436,700	\$ 463,500	\$ 491,500	\$ 513,500	\$ 536,500	\$ 558,500
Expense											
Contractual	264,714	278,266	287,185	296,640	305,584	312,000	321,000	330,600	340,500	350,700	361,200
Admin charge	39,140	38,780	37,550	48,140	49,680	49,810	51,010	52,450	53,700	56,080	58,320
All other expenses	51,558	53,155	67,145	58,639	68,279	56,454	71,163	73,347	75,808	78,272	81,068
Total Expense	\$ 355,412	\$ 370,201	\$ 391,880	\$ 403,419	\$ 423,543	\$ 418,264	\$ 443,173	\$ 456,397	\$ 470,008	\$ 485,052	\$ 500,588
Net change	20,275	11,494	328	5,008	9,371	18,436	20,327	35,103	43,492	51,448	57,912
Fund equity, beginning	(3,296)	16,979	28,473	28,801	33,809	43,180	61,616	81,943	117,046	160,538	211,986
Fund equity, ending	\$ 16,979	\$ 28,473	\$ 28,801	\$ 33,809	\$ 43,180	\$ 61,616	\$ 81,943	\$ 117,046	\$ 160,538	\$ 211,986	\$ 269,898
Fund equity percent of expense	4.6%	7.3%	7.1%	8.0%	10.3%	13.9%	18.0%	24.9%	33.1%	42.3%	52.2%
Months of operating coverage	0.6	0.9	0.9	1.0	1.2	1.7	2.2	3.0	4.0	5.1	6.3
Expense percent change	-2.1%	4.2%	5.9%	2.9%	5.0%	-1.2%	6.0%	3.0%	3.0%	3.2%	3.2%
Annual average percent change (expense)						2.4%					3.7%
Rate per parcel (annual)	\$ 29.70	\$ 30.20	\$ 30.70	\$ 31.50	\$ 33.50	\$ 35.00	\$ 37.50	\$ 40.00	\$ 42.00	\$ 44.00	\$ 46.00
Change in rate per parcel	\$ 1.00	\$ 0.50	\$ 0.50	\$ 0.80	\$ 2.00	\$ 1.50	\$ 2.50	\$ 2.50	\$ 2.00	\$ 2.00	\$ 2.00
Percent change (rate per parcel)	3.5%	1.7%	1.7%	2.6%	6.3%	4.5%	7.1%	6.7%	5.0%	4.8%	4.5%
Participation rate	78.0%	93.0%	94.0%	94.0%	95.0%						
Tons recycled	3,412	3,942	3,723	3,385	3,204						
Number of parcels/units	\$ 10,725	\$ 10,729	\$ 10,411	\$ 10,772	\$ 10,758	\$ 10,719	\$ 10,719	\$ 10,720	\$ 10,720	\$ 10,720	\$ 10,720

Community Center Fund Operations

The Community Center Fund accounts for the operation and maintenance of the fitness center and studios, the Tropics Indoor Water Park, Tropical Adventure indoor play area, banquet and meeting rooms, birthday party rooms, gymnasium, locker facilities, picnic pavilion and concessions.

Impacts

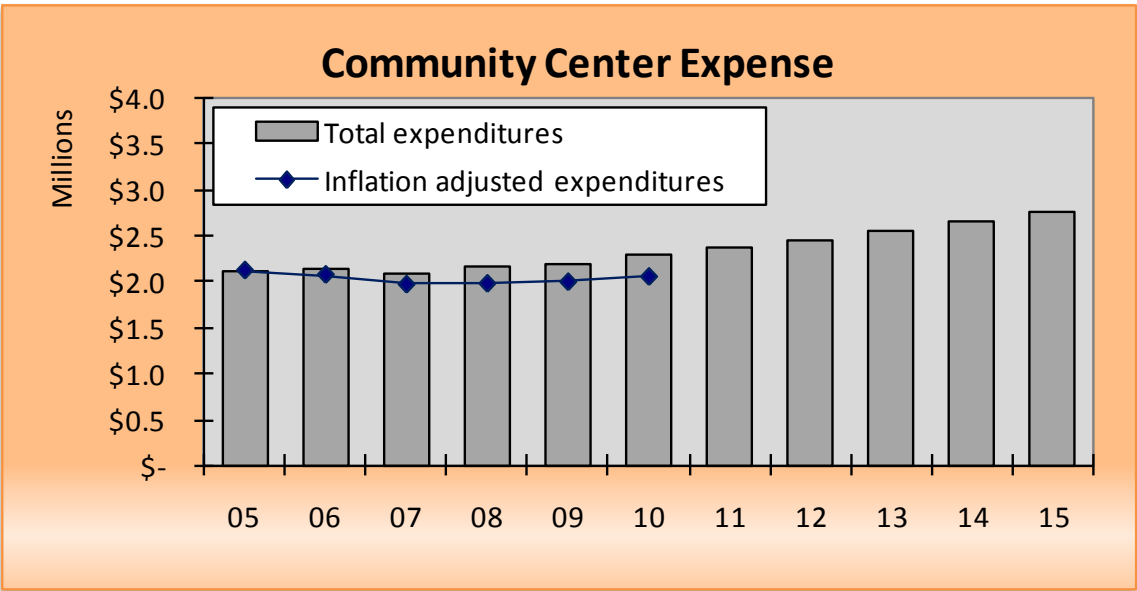
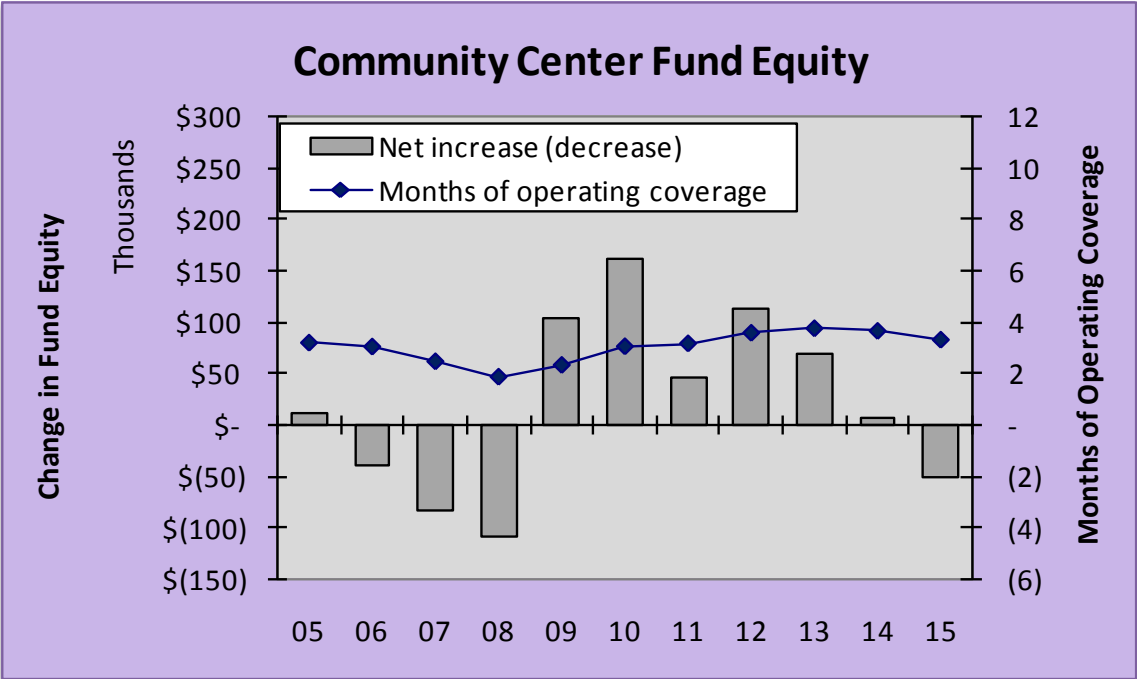
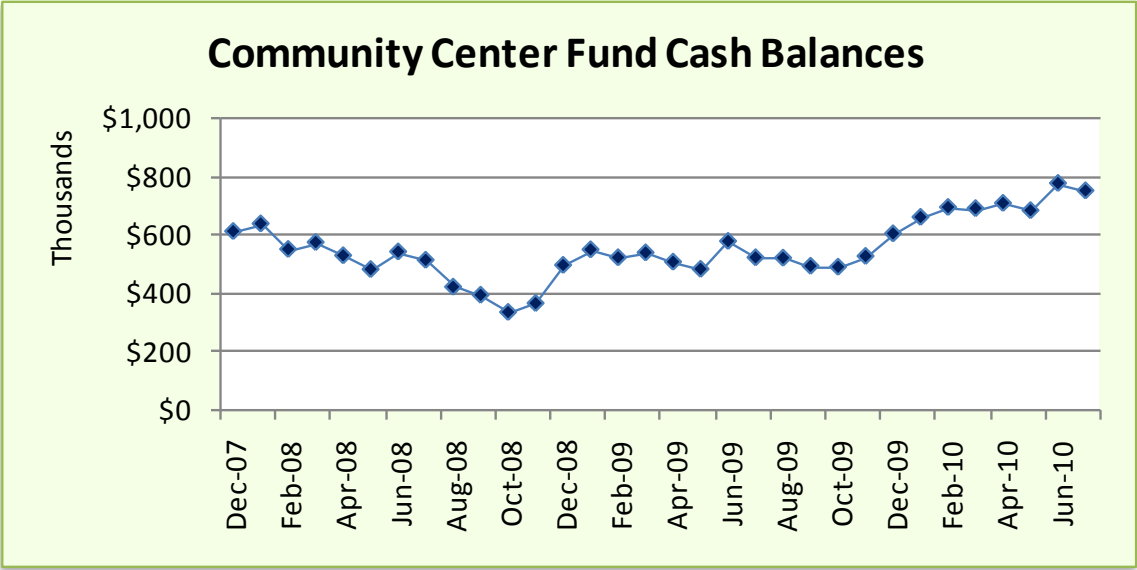
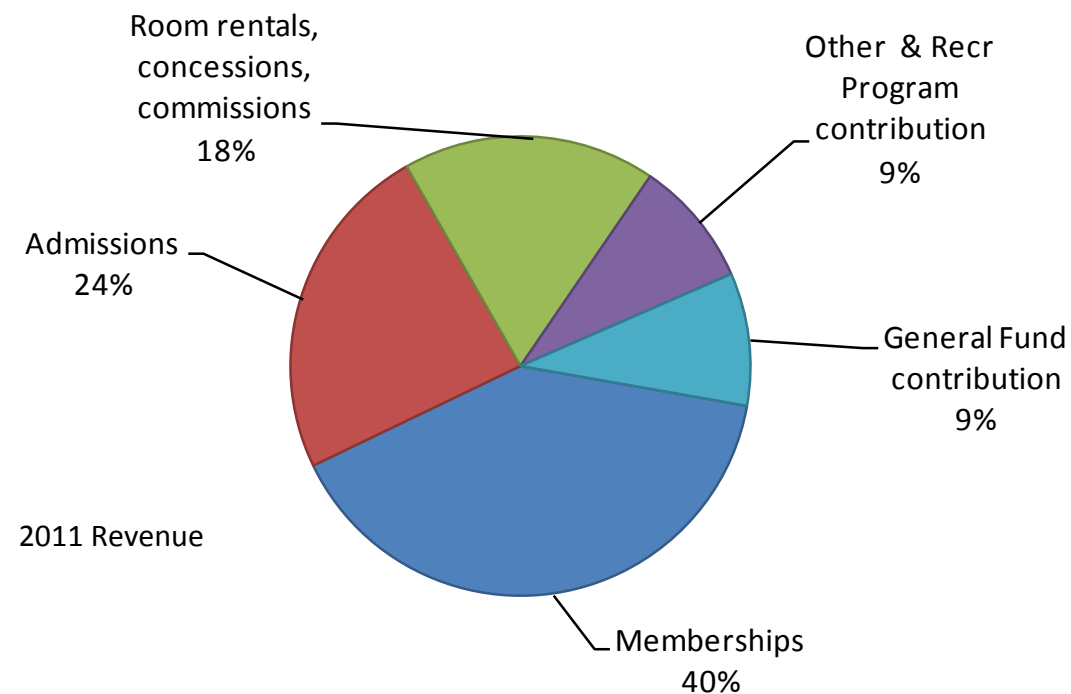
- User fees provide 82% of revenue
- General Fund provides \$227,000 in support (about 9% of operating costs)
- Recreation programs Fund provides \$70,000 in support for use of the facility

Performance/History

- Enrollment in automatic monthly billing by members continues to rise, providing greater cash flow stability
- Insurance incentive credits increased from \$25,575 in 2008 to an estimated \$70,000 in 2010
- Working capital coverage equal to 2 to 3 months
- Positive cash flows

Fund Goals/Targets

- Adjust rates and operating expense to maintain operating coverage of at least 3 months higher
- Increase General Fund support approximately 3% per year after 2011



Community Center Fund	Actual	Actual	Actual	Actual	Actual	Estimated	Projected	Projected	Projected	Projected	Projected
Operating Projections	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue											
Charges for services											
Memberships	\$ 757,583	\$ 793,484	\$ 775,510	\$ 790,448	\$ 899,409	\$ 990,000	\$ 1,018,000	\$ 1,035,000	\$ 1,048,000	\$ 1,055,000	\$ 1,065,000
Daily admissions	571,451	511,354	471,355	494,723	548,429	602,000	607,000	612,000	617,000	622,000	625,000
Room rentals	227,847	229,902	199,281	213,668	219,043	237,300	242,670	246,800	251,300	256,250	260,900
Concessions & commissions	208,386	191,824	173,737	170,242	181,806	205,500	208,750	215,450	220,450	225,000	230,450
All other charges	133,057	127,001	134,411	130,639	123,702	128,300	133,400	137,600	141,750	146,900	152,050
Interest	14,040	26,827	29,888	18,693	8,171	8,900	12,200	16,300	23,000	27,100	29,400
Total Revenue	\$ 1,912,364	\$ 1,880,392	\$ 1,784,182	\$ 1,818,413	\$ 1,980,560	\$ 2,172,000	\$ 2,222,020	\$ 2,263,150	\$ 2,301,500	\$ 2,332,250	\$ 2,362,800
Expense											
Personal services	1,276,083	1,311,037	1,217,869	1,243,857	1,287,910	1,337,029	1,378,296	1,427,604	1,473,361	1,531,236	1,579,824
Supplies	425,582	420,058	398,583	429,071	392,043	419,000	439,400	461,605	486,280	505,035	524,635
Contractual	408,391	401,837	470,055	503,359	507,042	529,065	556,113	569,523	593,858	617,683	644,253
Loan payments	1,674	-	-	-	-	-	-	-	-	-	-
Total Expense	\$ 2,111,730	\$ 2,132,932	\$ 2,086,507	\$ 2,176,287	\$ 2,186,995	\$ 2,285,094	\$ 2,373,809	\$ 2,458,732	\$ 2,553,499	\$ 2,653,954	\$ 2,748,712
Other Sources (Uses)											
Transfers in/General fund	160,000	160,000	170,000	190,000	230,000	230,000	227,000	234,000	241,000	248,000	255,000
Transfers in/Recreation Programs fund	50,000	50,000	50,000	60,000	80,000	80,000	70,000	75,000	80,000	80,000	80,000
Transfers out/Capital Project fund	-	-	-	-	-	(35,000)	(100,000)	-	-	-	-
Other	-	3,510	-	-	-	-	-	-	-	-	-
Total Other Sources (Uses)	\$ 210,000	\$ 213,510	\$ 220,000	\$ 250,000	\$ 310,000	\$ 275,000	\$ 197,000	\$ 309,000	\$ 321,000	\$ 328,000	\$ 335,000
Net change	10,634	(39,030)	(82,325)	(107,874)	103,565	161,906	45,211	113,418	69,001	6,296	(50,912)
Fund equity, beginning	559,881	570,515	531,485	449,160	341,286	444,851	606,757	651,968	765,386	834,387	840,683
Fund equity, ending	\$ 570,515	\$ 531,485	\$ 449,160	\$ 341,286	\$ 444,851	\$ 606,757	\$ 651,968	\$ 765,386	\$ 834,387	\$ 840,683	\$ 789,771
Fund equity percent of expense	27.0%	24.9%	21.5%	15.7%	20.3%	26.6%	27.5%	31.1%	32.7%	31.7%	28.7%
Months of operating coverage	3.2	3.1	2.5	1.9	2.3	3.1	3.2	3.6	3.8	3.7	3.3
Tax support as percent of expense	7.6%	7.5%	8.1%	8.7%	10.5%	10.1%	9.6%	9.5%	9.4%	9.3%	9.3%
Revenue percent change	4.2%	-1.7%	-5.1%	1.9%	8.9%	9.7%	2.3%	1.9%	1.7%	1.3%	1.3%
Annual average percent change (revenue)						3.0%					1.7%
Expense percent change	5.7%	1.0%	-2.2%	4.3%	0.5%	4.5%	3.9%	3.6%	3.9%	3.9%	3.6%
Annual average percent change (expense)						2.3%					3.8%
Insurance credits (memberships)	\$ -	\$ -	\$ -	\$ 25,575	\$ 58,338	\$ 70,000					
Rate change, daily admissions				6.5%	0.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Rate change, memberships				6.5%	0.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Rate change, rentals				6.5%	0.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Recreation Program Fund Operations

The Recreation Programs Fund accounts for a variety of recreational and social programs offered throughout the City on a fee basis. Financial support, through an inter-fund transfer, is provided to the Community Center fund to partially cover use of the facility.

Impacts

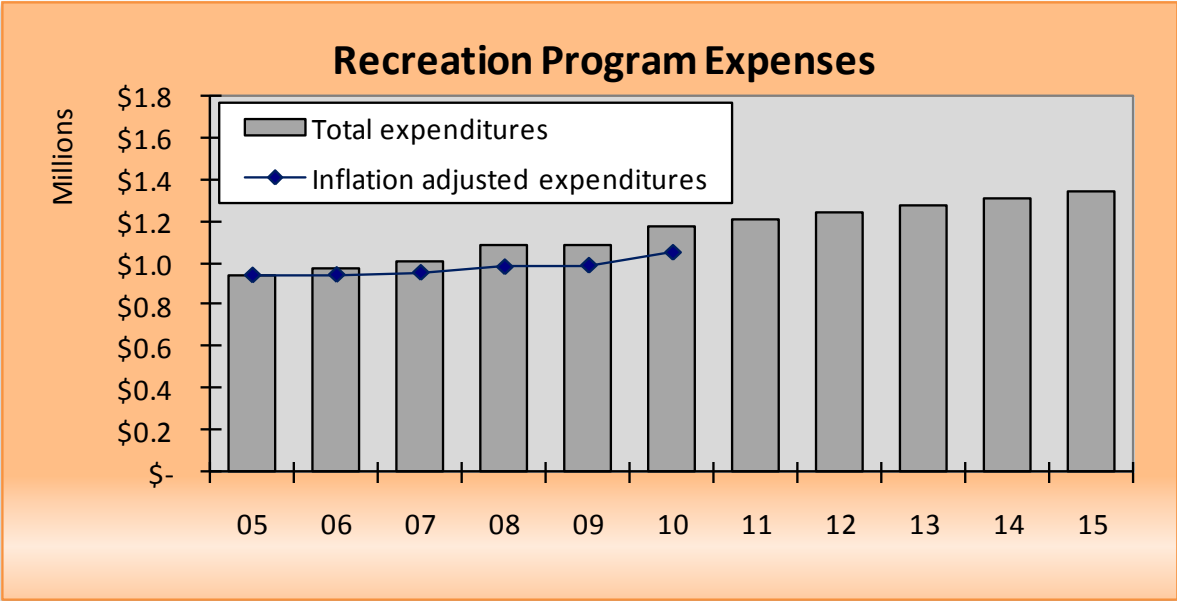
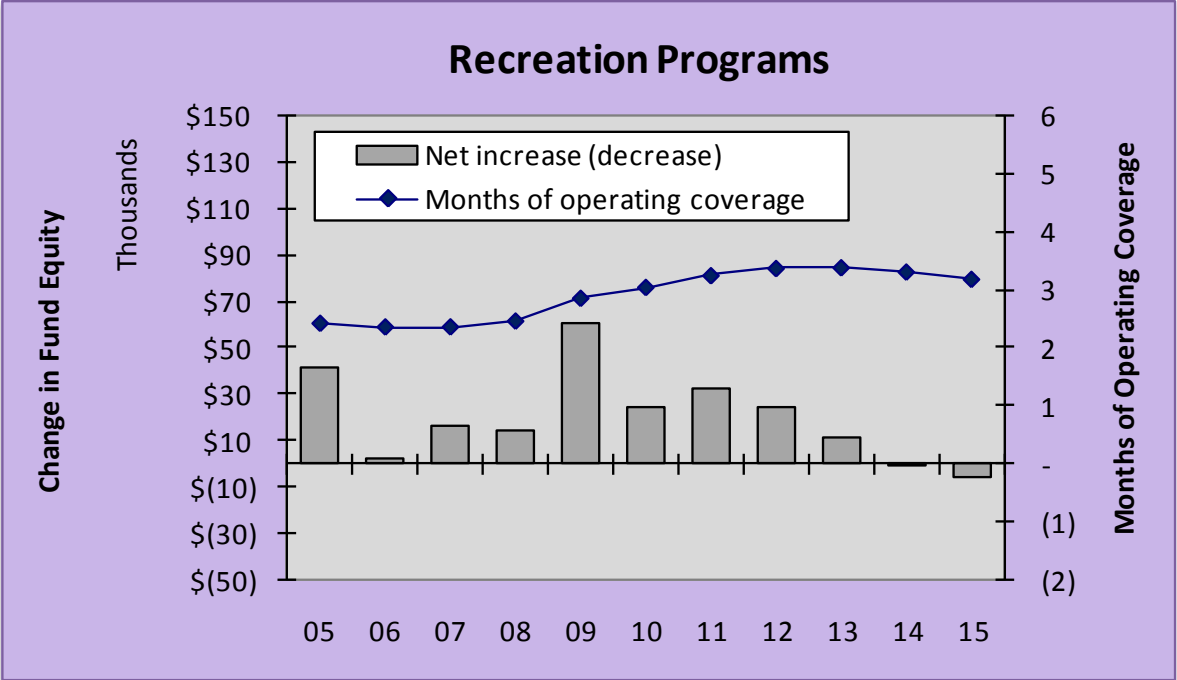
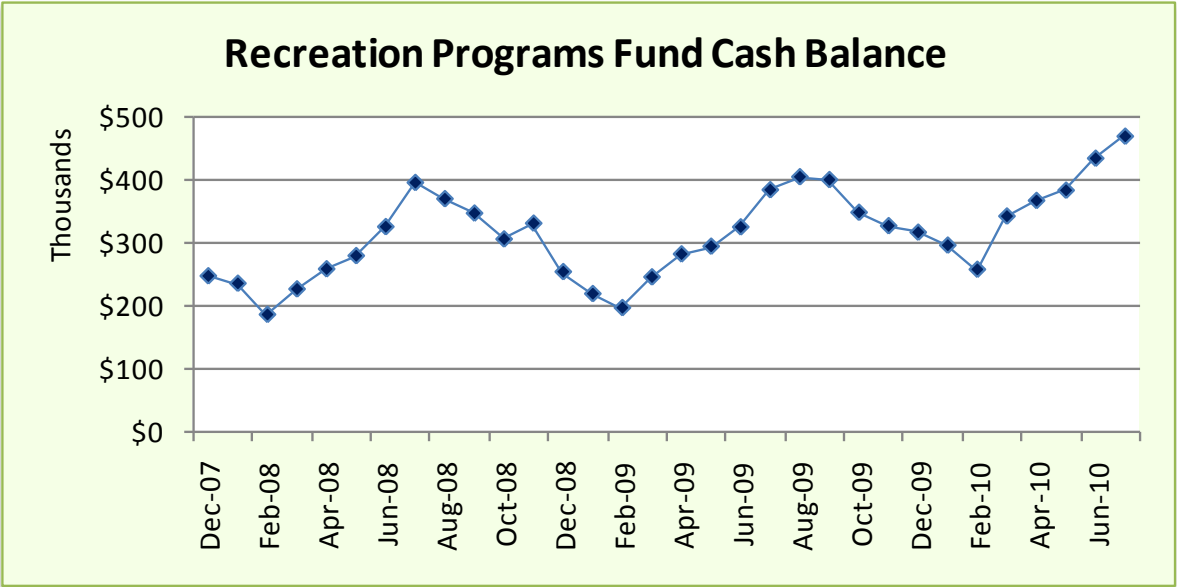
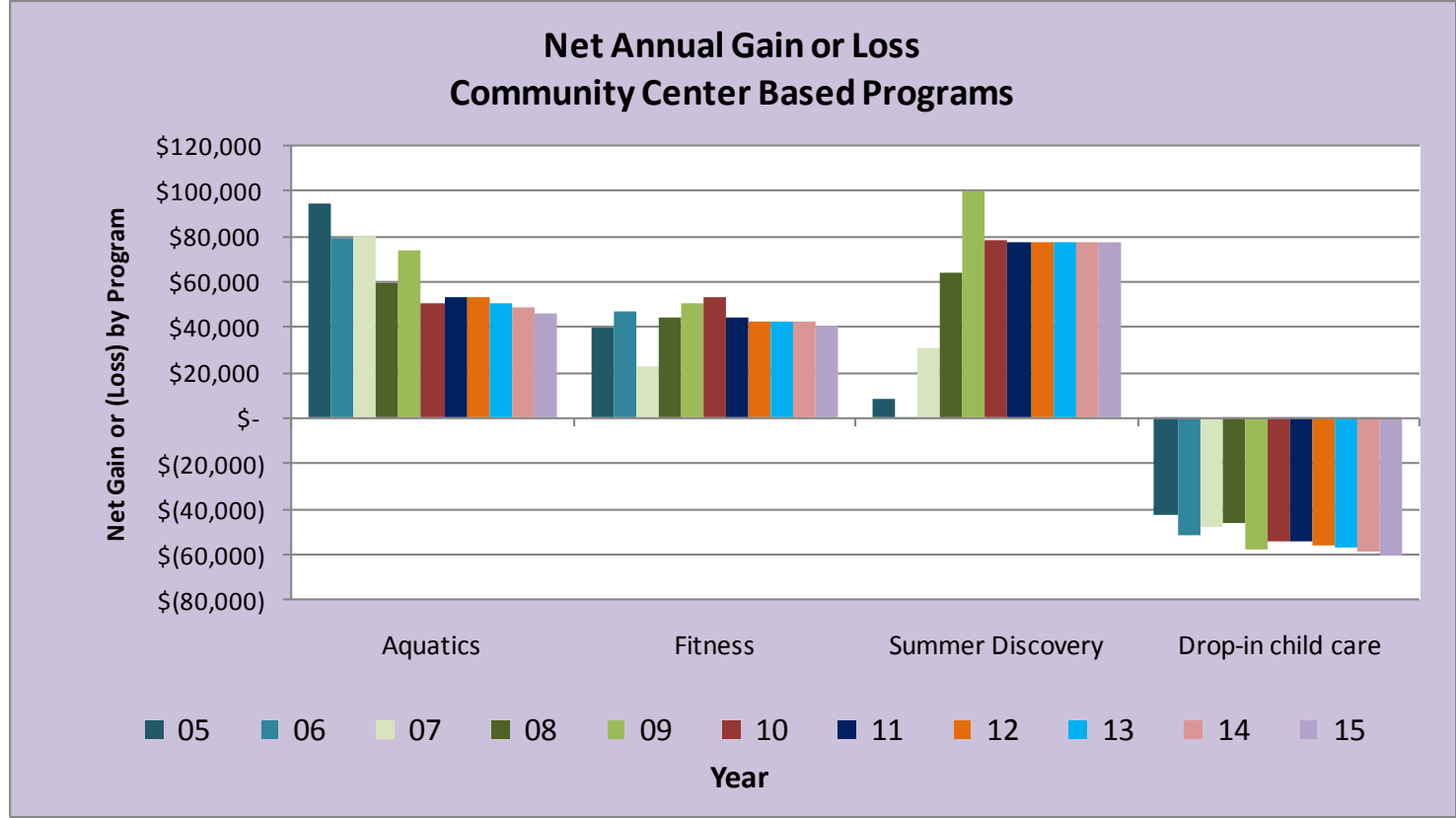
- User fees provide 93% of revenue
- General fund provides annual support between \$70,000 and \$85,000 through an annual transfer, in support of community-based, playground and general programs

Performance/History

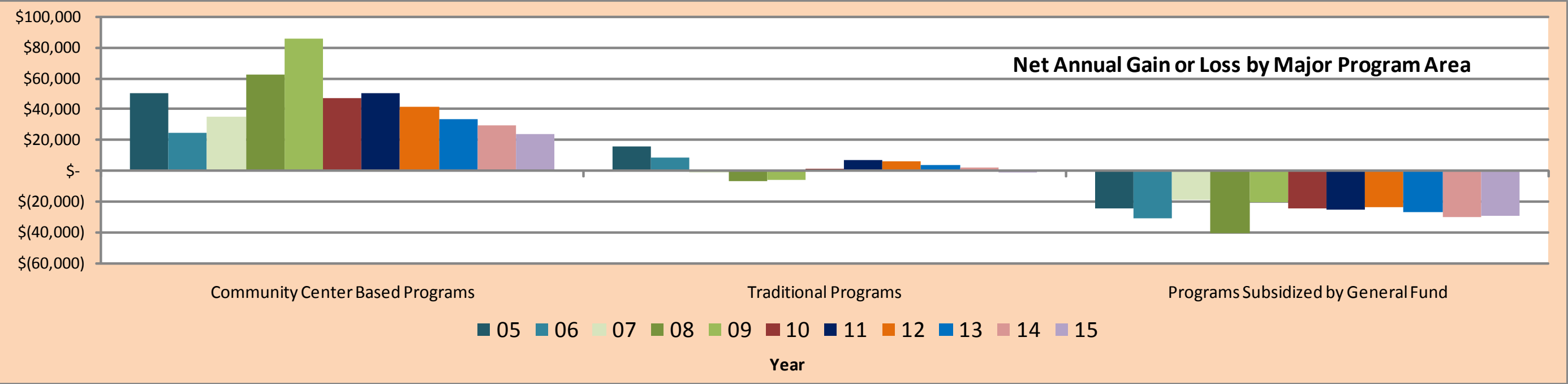
- Operating coverage equal to 2 to 3 months
- Positive cash flows

Fund Goals/Targets

- Preserve a minimum of 3 months of operating coverage
- Hold General Fund support to the rate of inflation or less
- Cover cost increases through operating efficiencies where possible/practical



Recreation Programs Fund	Actual	Actual	Actual	Actual	Actual	Estimated	Projected	Projected	Projected	Projected	Projected
Operating Projections	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue											
Charges for services	\$ 946,470	\$ 938,692	\$ 992,264	\$ 1,072,294	\$ 1,159,702	\$ 1,207,654	\$ 1,228,001	\$ 1,252,237	\$ 1,274,302	\$ 1,296,602	\$ 1,318,811
Interest	5,885	12,978	15,076	11,252	4,925	5,000	5,000	7,000	9,000	10,000	10,000
Total Revenue	\$ 952,355	\$ 951,670	\$ 1,007,340	\$ 1,083,546	\$ 1,164,627	\$ 1,212,654	\$ 1,233,001	\$ 1,259,237	\$ 1,283,302	\$ 1,306,602	\$ 1,328,811
Expense											
Parks/recre admin	194,953	227,791	227,406	274,867	294,157	309,545	315,147	332,009	345,477	359,670	373,618
Program costs	744,888	744,895	784,091	807,187	792,391	868,980	890,656	908,277	926,934	946,193	966,394
Total Expense	\$ 939,841	\$ 972,686	\$ 1,011,497	\$ 1,082,054	\$ 1,086,548	\$ 1,178,525	\$ 1,205,803	\$ 1,240,286	\$ 1,272,410	\$ 1,305,863	\$ 1,340,013
Other Sources (Uses)											
Transfers in/General fund	79,000	73,274	70,000	73,000	62,000	70,000	75,000	80,000	80,000	80,000	85,000
Transfers out/Comm Cntr fund	(50,000)	(50,000)	(50,000)	(60,000)	(80,000)	(80,000)	(70,000)	(75,000)	(80,000)	(80,000)	(80,000)
Total Other Sources (Uses)	\$ 29,000	\$ 23,274	\$ 20,000	\$ 13,000	\$ (18,000)	\$ (10,000)	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ 5,000
Net change	41,514	2,258	15,843	14,492	60,079	24,129	32,198	23,951	10,892	739	(6,202)
Fund equity, beginning	163,801	205,315	207,573	223,416	237,908	297,987	322,116	354,314	378,265	389,156	389,895
Fund equity, ending	\$ 205,315	\$ 207,573	\$ 223,416	\$ 237,908	\$ 297,987	\$ 322,116	\$ 354,314	\$ 378,265	\$ 389,156	\$ 389,895	\$ 383,694
Fund equity percent of expense	21.1%	20.5%	20.6%	21.9%	25.3%	26.7%	28.6%	29.7%	29.8%	29.1%	27.9%
Months of operating coverage	2.4	2.3	2.3	2.4	2.8	3.0	3.2	3.4	3.4	3.3	3.2
Revenue percent change	4.2%	-0.1%	5.8%	7.6%	7.5%	4.1%	1.7%	2.1%	1.9%	1.8%	1.7%
Annual average percent change (revenue)						4.9%					1.8%
Expense percent change	0.6%	3.5%	4.0%	7.0%	0.4%	8.5%	2.3%	2.9%	2.6%	2.6%	2.6%
Annual average percent change (expense)						4.0%					2.6%
Percent of expense from user fees	91.8%	91.6%	92.1%	92.7%	94.5%	94.2%	93.9%	93.5%	93.5%	93.5%	93.3%
Percent of expense from General Fund	7.7%	7.1%	6.5%	6.3%	5.1%	5.5%	5.7%	6.0%	5.9%	5.8%	6.0%



Cable TV Fund Operations

The Cable TV Fund accounts for the operation and promotion of cable communications, provides partial support for newsletter costs, and provides funding for equipment necessary for broadcasting public meetings.

Impacts

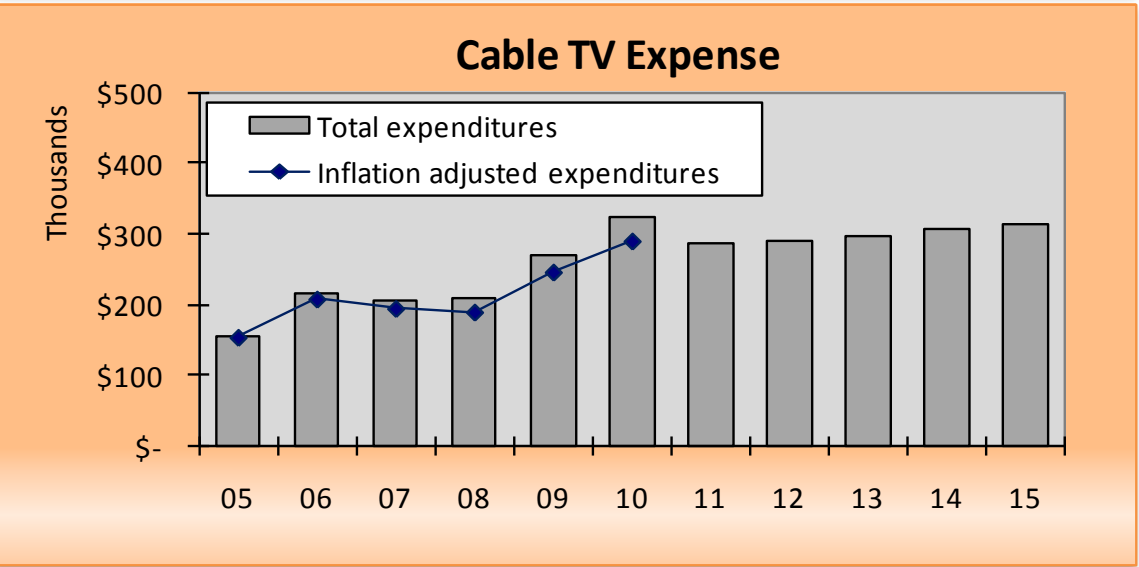
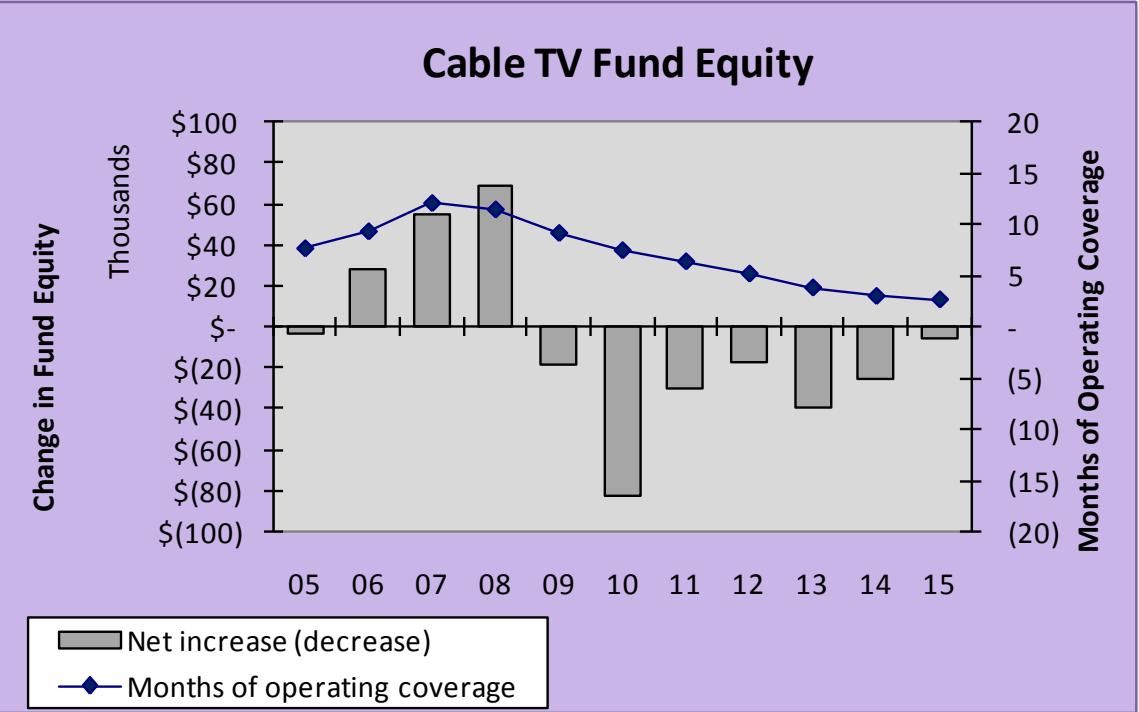
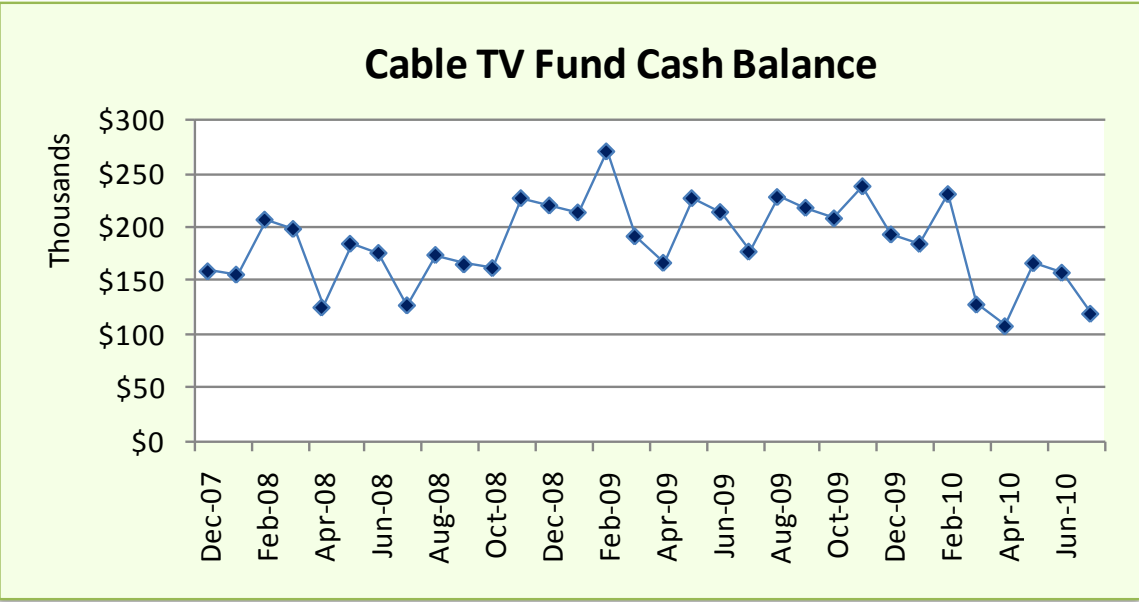
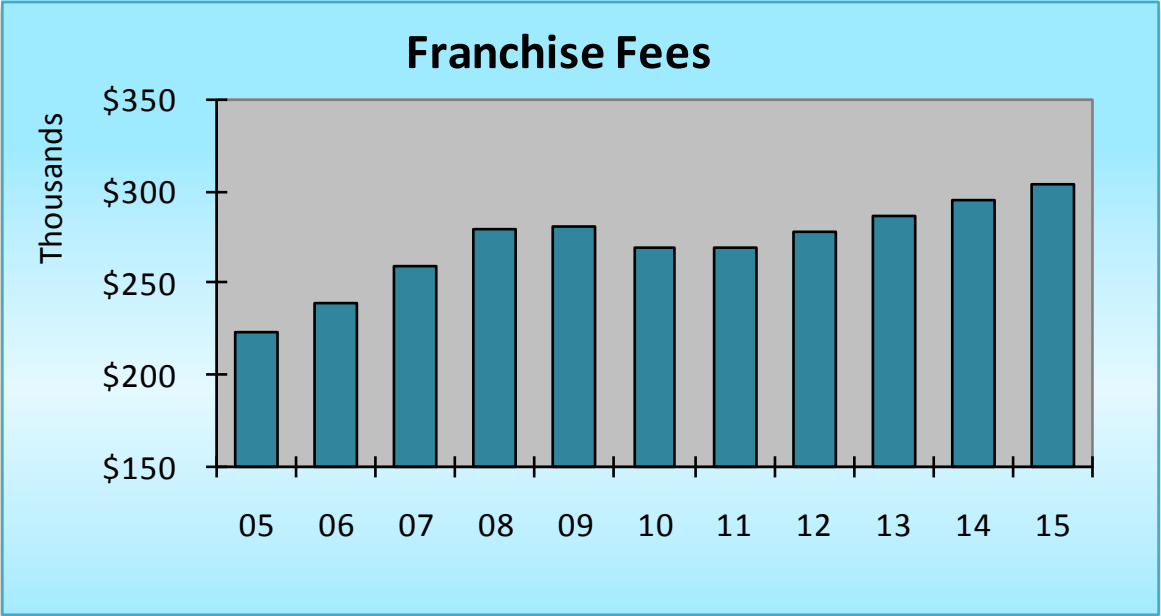
- Cable franchise fees provide 98% of revenue
- Potential changes in law could limit the use of franchise fees in the future

Performance/History

- Operating coverage equal to 7 to 12 months
- Positive cash flows

Fund Goals/Targets

- Preserve 3 to 6 months of operating coverage
- Monitor fund balance changes



Cable TV Fund	Actual	Actual	Actual	Actual	Actual	Estimated	Projected	Projected	Projected	Projected	Projected
Operating Projections	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue											
Franchise fees	\$ 222,715	\$ 239,281	\$ 259,107	\$ 279,644	\$ 280,687	\$ 270,000	\$ 270,000	\$ 278,100	\$ 286,400	\$ 295,000	\$ 303,900
Miscellaneous	3,561	3,616	5,749	2,850	1,250	1,225	2,000	2,000	2,000	2,000	2,000
Interest	1,770	3,675	5,825	6,834	3,411	3,000	3,000	3,810	3,230	2,590	2,150
Total Revenue	\$ 228,046	\$ 246,572	\$ 270,681	\$ 289,328	\$ 285,348	\$ 274,225	\$ 275,000	\$ 283,910	\$ 291,630	\$ 299,590	\$ 308,050
Expense											
Personal services	76,738	98,677	86,595	87,588	105,963	112,289	115,574	119,696	123,043	127,578	132,305
Supplies	380	383	458	-	10,075	60,000	500	500	500	500	500
Contractual	58,938	98,663	102,996	92,244	127,017	126,925	135,137	137,300	139,900	142,300	144,900
Interfund-admin charge	17,120	16,620	16,140	28,660	27,280	25,210	34,000	33,220	32,890	34,670	36,060
Total Expense	\$ 153,176	\$ 214,343	\$ 206,189	\$ 208,492	\$ 270,335	\$ 324,424	\$ 285,211	\$ 290,716	\$ 296,333	\$ 305,048	\$ 313,765
Other Sources (Uses)											
Transfers out/Capital funds	(77,863)	(3,838)	(9,500)	(12,166)	(33,998)	(32,000)	(20,000)	(10,000)	(35,000)	(20,000)	-
Total Other Sources (Uses)	\$ (77,863)	\$ (3,838)	\$ (9,500)	\$ (12,166)	\$ (33,998)	\$ (32,000)	\$ (20,000)	\$ (10,000)	\$ (35,000)	\$ (20,000)	\$ -
Net change	(2,993)	28,391	54,992	68,670	(18,985)	(82,199)	(30,211)	(16,806)	(39,703)	(25,458)	(5,715)
Fund equity, beginning	142,613	139,620	168,011	223,003	291,673	272,688	190,489	160,278	143,472	103,769	78,311
Fund equity, ending	\$ 139,620	\$ 168,011	\$ 223,003	\$ 291,673	\$ 272,688	\$ 190,489	\$ 160,278	\$ 143,472	\$ 103,769	\$ 78,311	\$ 72,596
Fund equity percent of expense	65.1%	81.5%	107.0%	107.9%	84.1%	66.8%	55.1%	48.4%	34.0%	25.0%	22.5%
Months of operating coverage	7.7	9.3	12.1	11.5	9.2	7.5	6.4	5.2	3.8	3.0	2.7
Franchise fee revenue-percent change	10.2%	7.4%	8.3%	7.9%	0.4%	-3.8%	0.0%	3.0%	3.0%	3.0%	3.0%
Annual average percent change (franchise fees)						5.1%					2.4%
Expense percent change	0.8%	39.9%	-3.8%	1.1%	29.7%	20.0%	-12.1%	1.9%	1.9%	2.9%	2.9%
Annual average percent change (expense)						14.6%					-0.5%

Economic Development Authority Fund Operations

The Economic Development Authority (EDA) was created in 2008 with an initial \$50,000 transfer from the General Fund. The City’s \$175,000 deposit in the Twin Cities Community Capital Fund will be returned to the City by the end of 2010. Because the funds are legally restricted to economic development and business assistance (as governed by Minnesota statutes), the EDA is exploring other options for a business loan program. The funds will be invested until a loan program is selected or developed.

Impacts

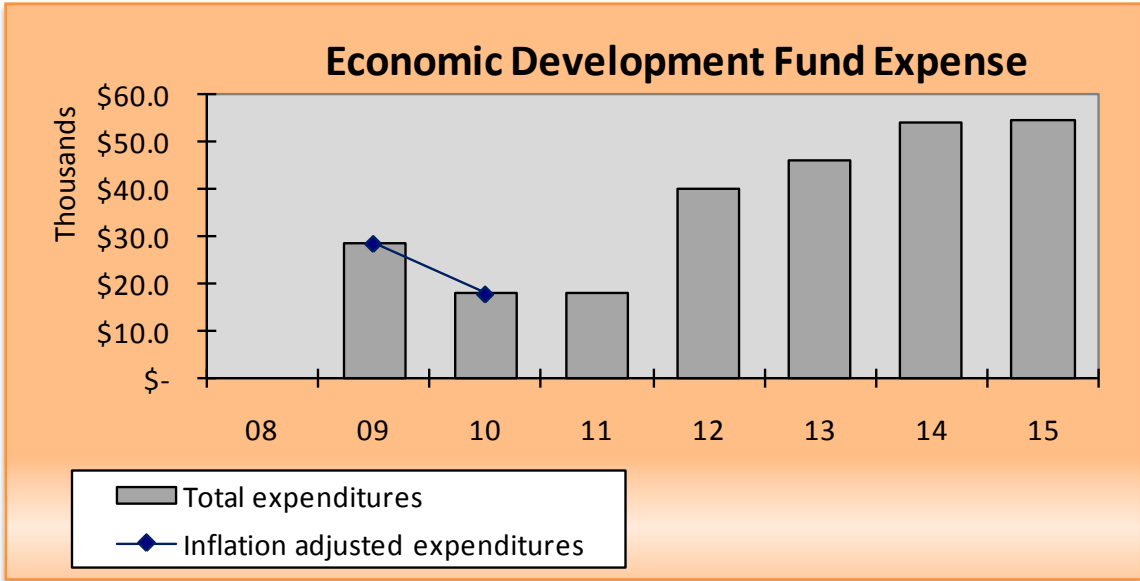
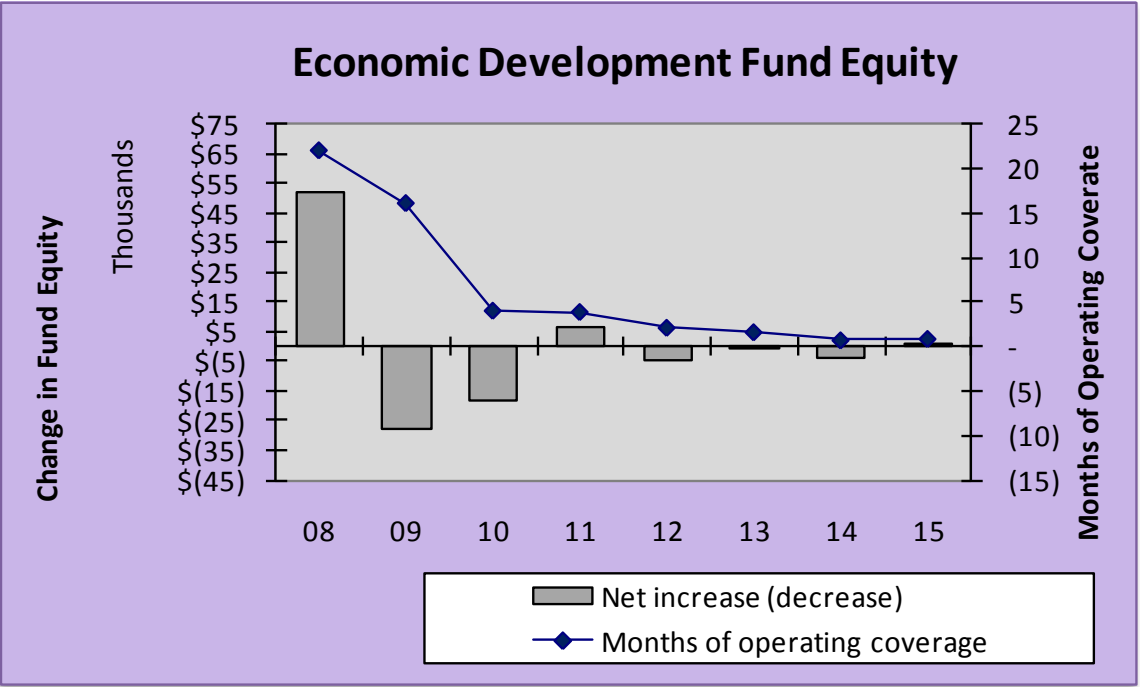
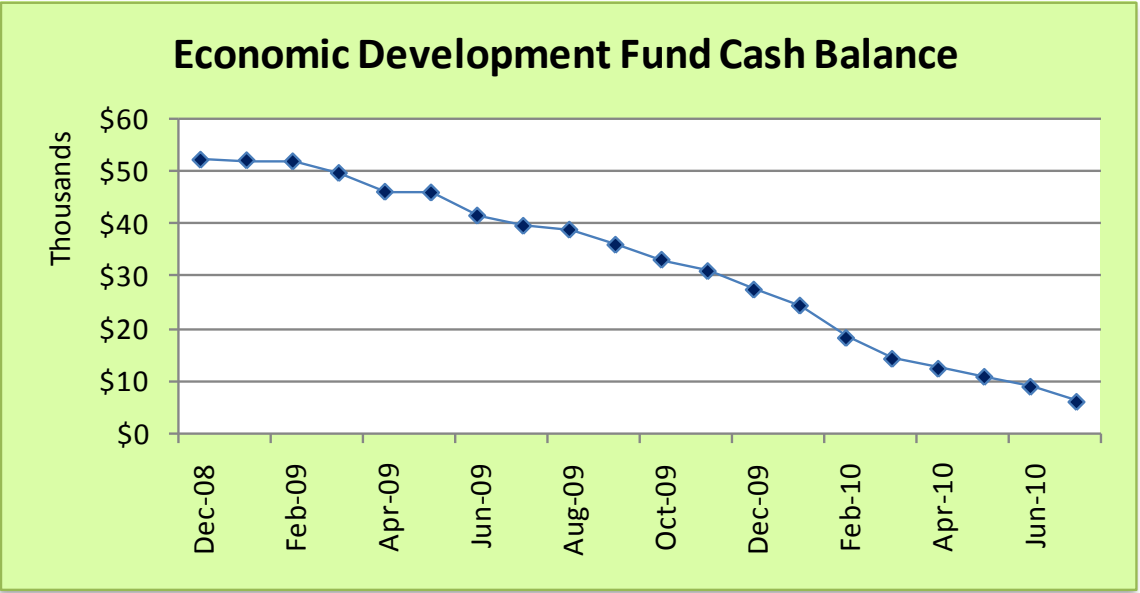
- First tax levy in 2011
- Levy authority is within the City’s levy limit

Performance/History

- Operating coverage dropped due to the lack of revenue in 2009 and 2010

Fund Goals/Targets

- Establish 3 to 6 months of operating coverage over the next 3 years
- Monitor fund balance changes



Economic Development Authority Operating Projections	Actual 2008	Actual 2009	Estimated 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015
Revenue								
Property taxes	\$ -	\$ -	\$ -	\$ 25,000	\$ 35,000	\$ 45,000	\$ 50,000	\$ 55,000
Interest	150	672	-	-	-	-	-	-
Total Revenue	\$ 150	\$ 672	\$ -	\$ 25,000	\$ 35,000	\$ 45,000	\$ 50,000	\$ 55,000
Expense								
Economic development	-	28,538	18,178	18,240	39,780	45,776	54,045	54,295
Total Expense	\$ -	\$ 28,538	\$ 18,178	\$ 18,240	\$ 39,780	\$ 45,776	\$ 54,045	\$ 54,295
Other Sources (Uses)								
Transfer in-from General Fund	50,000	-	-	-	-	-	-	-
Transfer in-former Econ Dev Fund	2,025	-	-	-	-	-	-	-
Transfer in-TCCCF loan program deposit	175,000	-	-	-	-	-	-	-
Total Other Sources (Uses)	\$ 227,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change	227,175	(27,866)	(18,178)	6,760	(4,780)	(776)	(4,045)	705
Fund equity, beginning	-	227,175	199,309	181,131	187,891	183,111	182,335	178,290
Fund equity, ending	\$ 227,175	\$ 199,309	\$ 181,131	\$ 187,891	\$ 183,111	\$ 182,335	\$ 178,290	\$ 178,995
Fund equity breakdown								
Loan program fund balance	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000
Non loan program fund balance	\$ 52,175	\$ 24,309	\$ 6,131	\$ 12,891	\$ 8,111	\$ 7,335	\$ 3,290	\$ 3,995
Available fund equity percent of expense	182.8%	133.7%	33.6%	32.4%	17.7%	13.6%	6.1%	7.4%
Months of operating coverage	21.9	16.0	4.0	3.9	2.1	1.6	0.7	0.9
Expense percent change			-36.3%	0.3%	118.1%	15.1%	18.1%	0.5%
Annual average percent change (expense)								19.3%
Tax levy percent change					40.0%	28.6%	11.1%	10.0%
Annual average percent change (taxes)								22.4%

Housing Redevelopment Authority Fund Operations

The Housing Redevelopment Authority (HRA) was created in 2009 to account for housing-related activities of the EDA, with the first year of operation in 2010.

Impacts

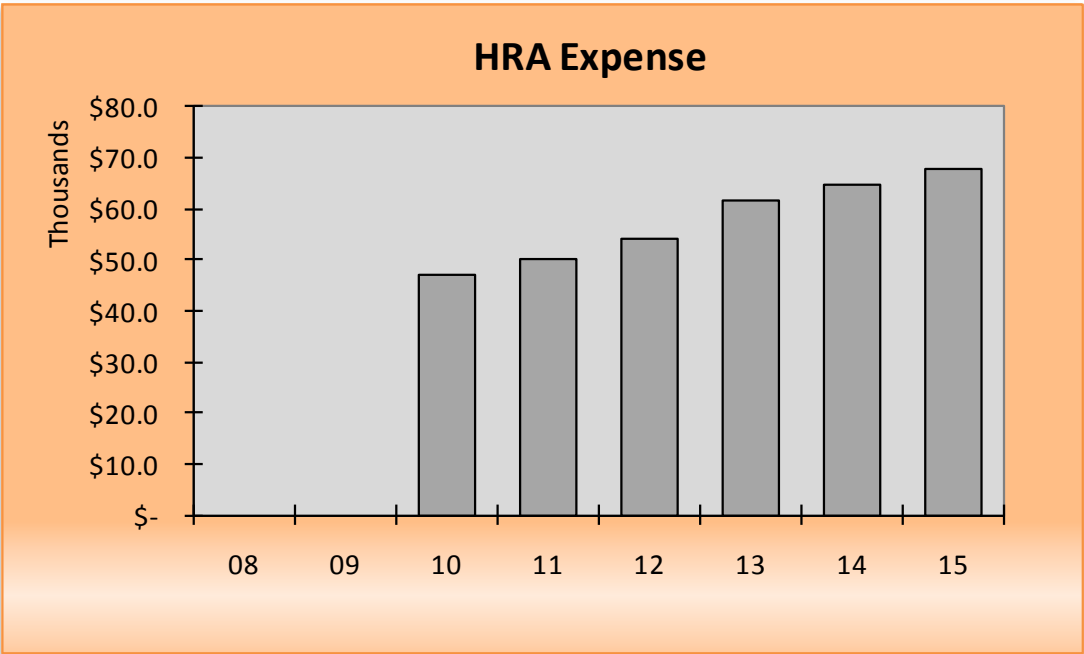
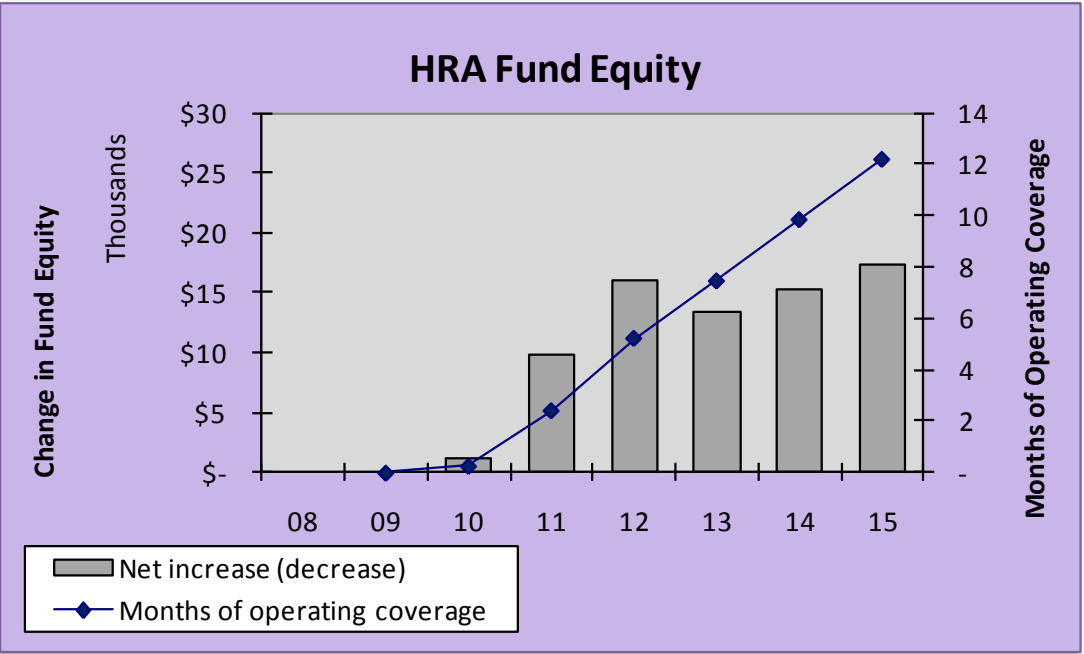
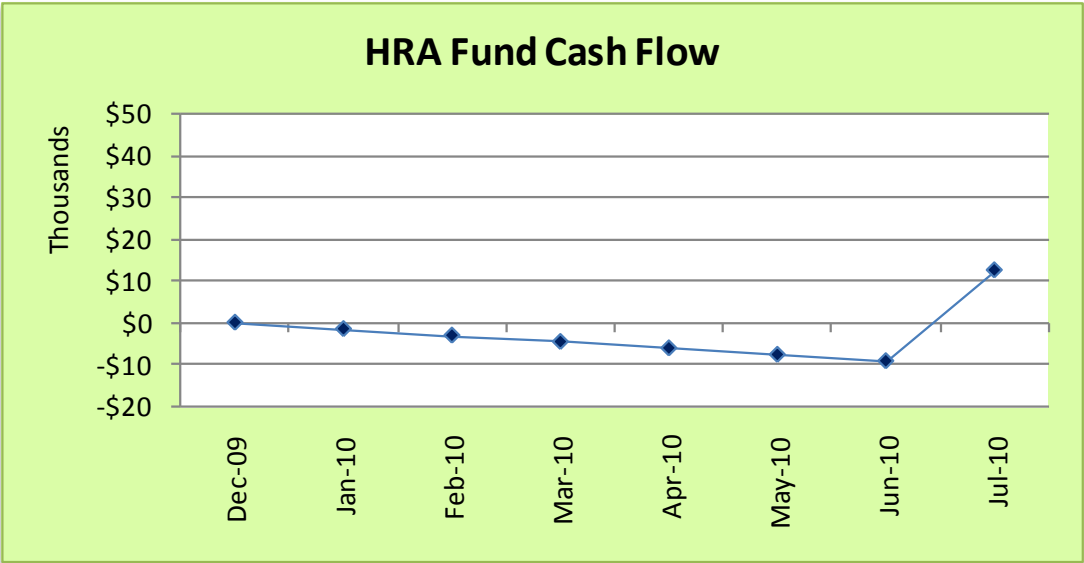
- First tax levy in 2010
- MVHC loss of \$1,965 for 2010 and estimated 2011 loss of \$2,141
- Levy authority outside the City’s levy limit

Performance/History

- No history

Fund Goals/Targets

- Establish 3 to 6 months of operating coverage over the next 3 years
- Monitor fund balance changes



Housing Redevelopment Authority	Actual	Actual	Estimated	Projected	Projected	Projected	Projected	Projected
Operating Projections	2008	2009	2010	2011	2012	2013	2014	2015
Revenue								
Property taxes	\$ -	\$ -	\$ 48,035	\$ 60,000	\$ 70,000	\$ 75,000	\$ 80,000	\$ 85,000
Interest	-	-	-	-	-	-	-	-
Total Revenue	\$ -	\$ -	\$ 48,035	\$ 60,000	\$ 70,000	\$ 75,000	\$ 80,000	\$ 85,000
Expense								
Economic development	-	-	46,935	50,211	54,008	61,687	64,690	67,716
Total Expense	\$ -	\$ -	\$ 46,935	\$ 50,211	\$ 54,008	\$ 61,687	\$ 64,690	\$ 67,716
Other Sources (Uses)								
Other	-	-	-	-	-	-	-	-
Total Other Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change	-	-	1,100	9,789	15,992	13,313	15,310	17,284
Fund equity, beginning	-	-	-	1,100	10,889	26,881	40,194	55,504
Fund equity, ending	\$ -	\$ -	\$ 1,100	\$ 10,889	\$ 26,881	\$ 40,194	\$ 55,504	\$ 72,788
Taxable Value (millions)			\$ 29.6	\$ 27.8	\$ 27.2	\$ 27.2	\$ 27.8	\$ 28.3
Tax Rate/HRA			0.169	0.216	0.257	0.275	0.288	0.300
Fund equity percent of expense		0.0%	2.2%	20.2%	43.6%	62.1%	82.0%	101.4%
Months of operating coverage		-	0.3	2.4	5.2	7.5	9.8	12.2
Expense percent change				7.0%	7.6%	14.2%	4.9%	4.7%
Annual average percent change (expense)								7.7%
Market Value Homestead Credit loss (estimate)			\$ 1,965	\$ 2,141	\$ 2,450	\$ 2,625	\$ 2,800	\$ 2,975
Tax levy percent change				24.9%	16.7%	7.1%	6.7%	6.3%

Slice of Shoreview Fund Operations

The Slice of Shoreview Fund accounts for costs, donations, sponsorships and vendor fees associated with the Slice of Shoreview event.

Impacts

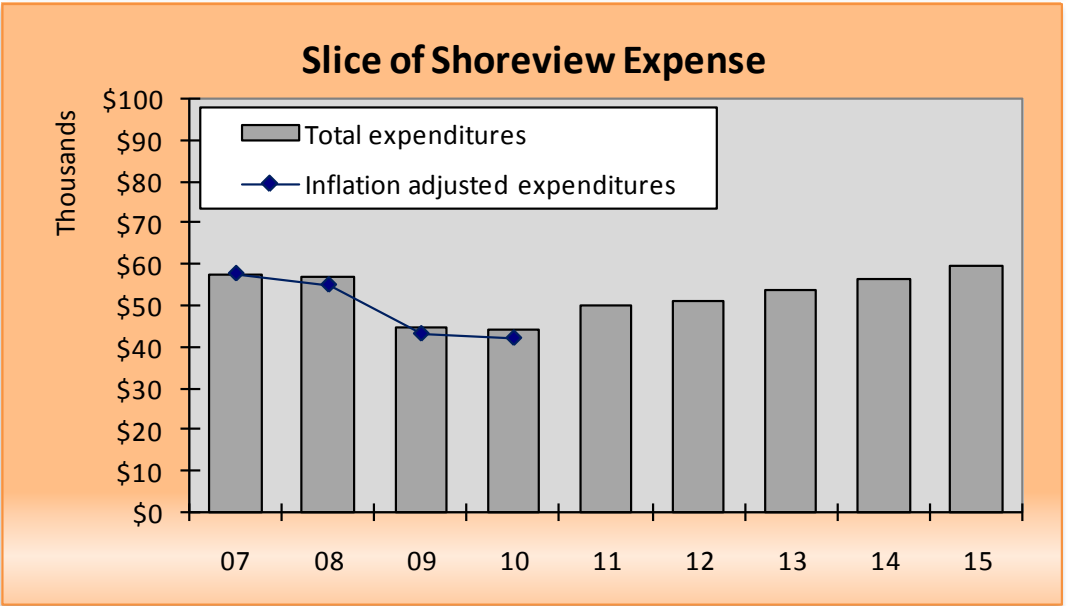
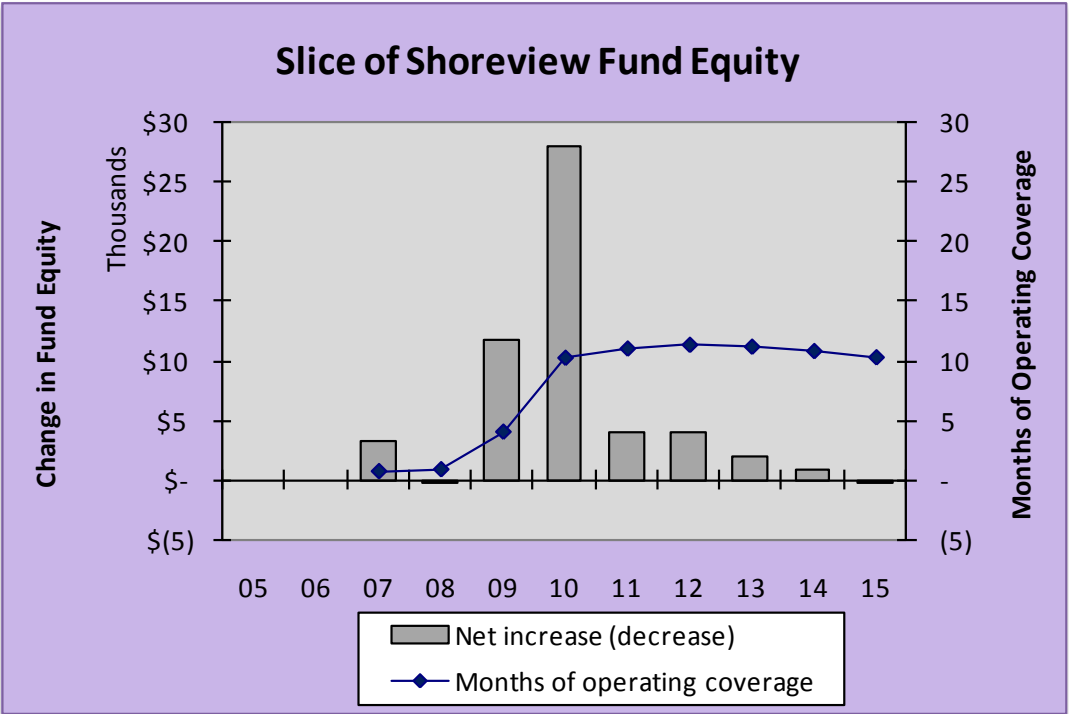
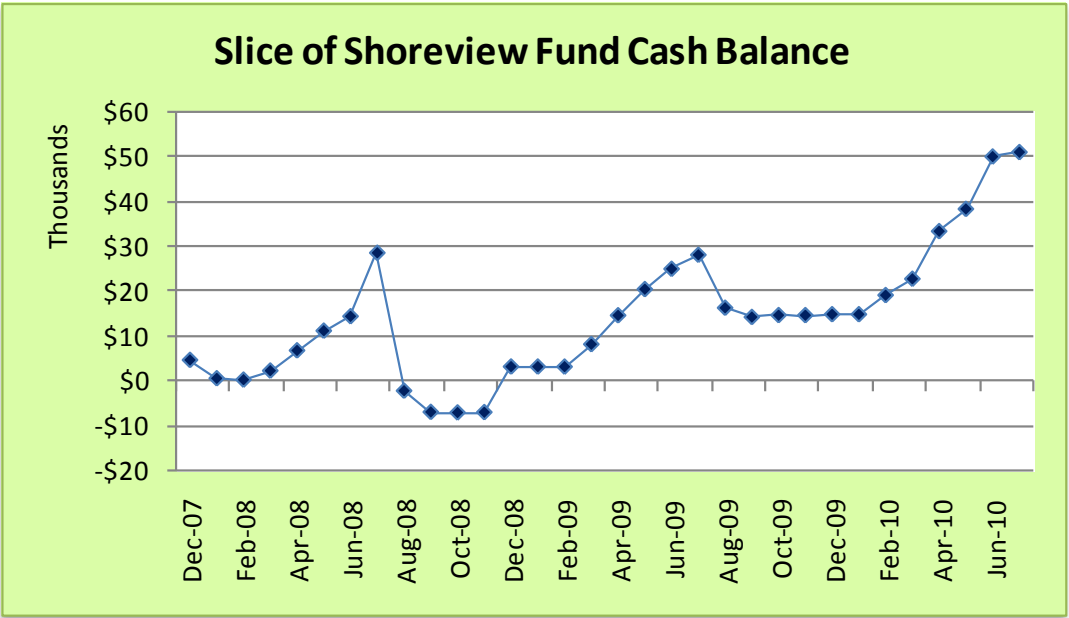
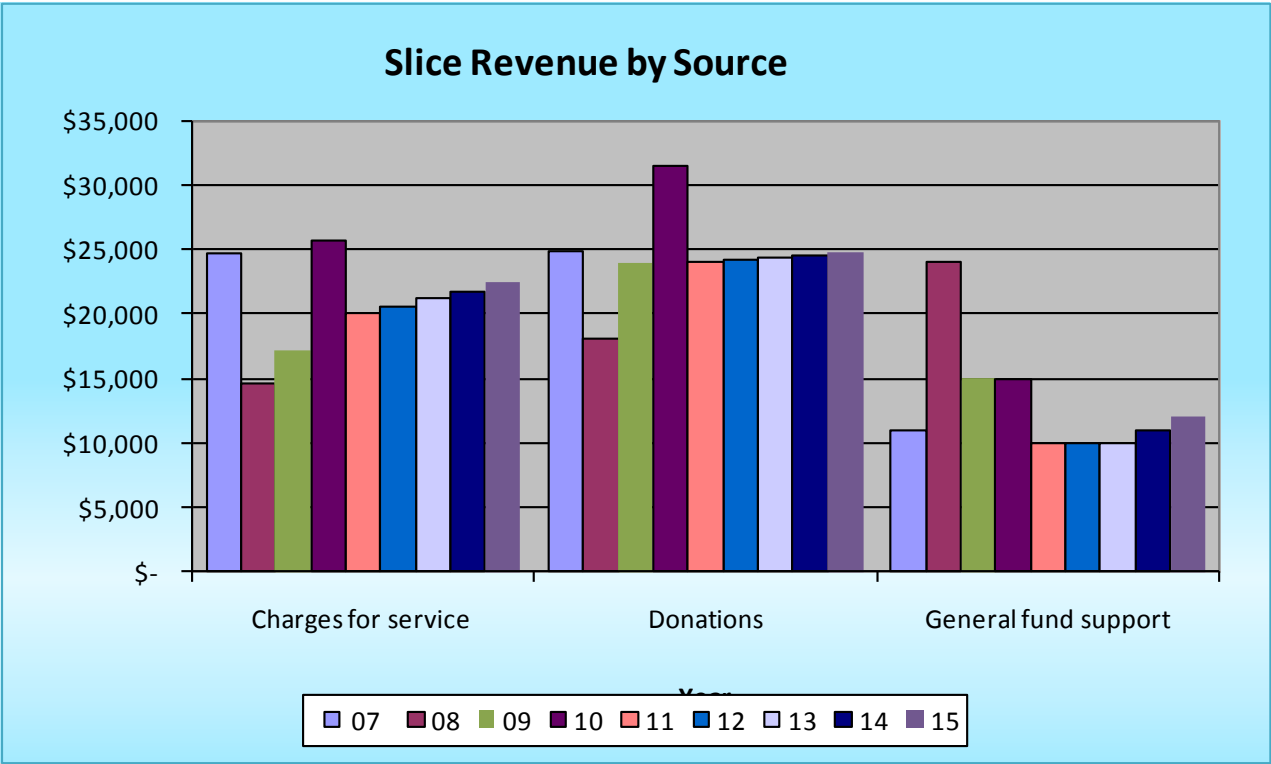
- For 2011, support for the event is provided by donations (44%), fees (37%) and General Fund support (19%)

Performance/History

- Temporary periods of cash deficits in 2008 (shown in graph at right)
- Improved operating performance in 2009
- Operating coverage equal to 1 to 4 months, improving to 10 months in 2010

Fund Goals/Targets

- Preserve 6 to 12 months of operating coverage
- Hold General Fund support to the rate of inflation or less



Slice of Shoreview Funds	Actual	Actual	Actual	Actual	Actual	Estimated	Projected	Projected	Projected	Projected	Projected
Operating Projections	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue											
Charges for services	\$ -	\$ -	\$ 24,655	\$ 14,649	\$ 17,137	\$ 25,736	\$ 20,000	\$ 20,600	\$ 21,200	\$ 21,800	\$ 22,500
Donations	-	-	24,846	18,112	23,874	31,516	24,000	24,200	24,400	24,600	24,800
Interest	-	-	396	144	222	-	-	-	-	-	-
Total Revenue	\$ -	\$ -	\$ 49,897	\$ 32,905	\$ 41,233	\$ 57,252	\$ 44,000	\$ 44,800	\$ 45,600	\$ 46,400	\$ 47,300
Expense											
Community programs	-	-	57,644	57,024	44,537	44,200	50,000	50,800	53,600	56,500	59,420
Total Expense	\$ -	\$ -	\$ 57,644	\$ 57,024	\$ 44,537	\$ 44,200	\$ 50,000	\$ 50,800	\$ 53,600	\$ 56,500	\$ 59,420
Other Sources (Uses)											
Transfers in	-	-	11,000	24,000	15,000	15,000	10,000	10,000	10,000	11,000	12,000
Other	-	-	-	-	-	-	-	-	-	-	-
Total Other Sources (Uses)	\$ -	\$ -	\$ 11,000	\$ 24,000	\$ 15,000	\$ 15,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 11,000	\$ 12,000
Net change	-	-	3,253	(119)	11,696	28,052	4,000	4,000	2,000	900	(120)
Fund equity, beginning	-	-	-	3,253	3,134	14,830	42,882	46,882	50,882	52,882	53,782
Fund equity, ending	\$ -	\$ -	\$ 3,253	\$ 3,134	\$ 14,830	\$ 42,882	\$ 46,882	\$ 50,882	\$ 52,882	\$ 53,782	\$ 53,662
Fund equity percent of expense			5.6%	5.5%	33.3%	97.0%	93.8%	100.2%	98.7%	95.2%	90.3%
Months of operating coverage			0.7	0.8	4.0	10.3	11.1	11.4	11.2	10.9	10.3
Expense percent change				-1.1%	-21.9%	-0.8%	13.1%	1.6%	5.5%	5.4%	5.2%
Annual average percent change (expense)						-7.9%					6.2%

Water Fund Operations

The Water Fund accounts for the distribution of water to residences and businesses, and operation and maintenance of the water system. Fluctuations in water consumption and revenue are expected from year to year, therefore projections use a “base year” approach to estimate gallons sold. Rates are set to support operating costs in a typical “base year”, removing the impact of drought or high rainfall years.

Impacts

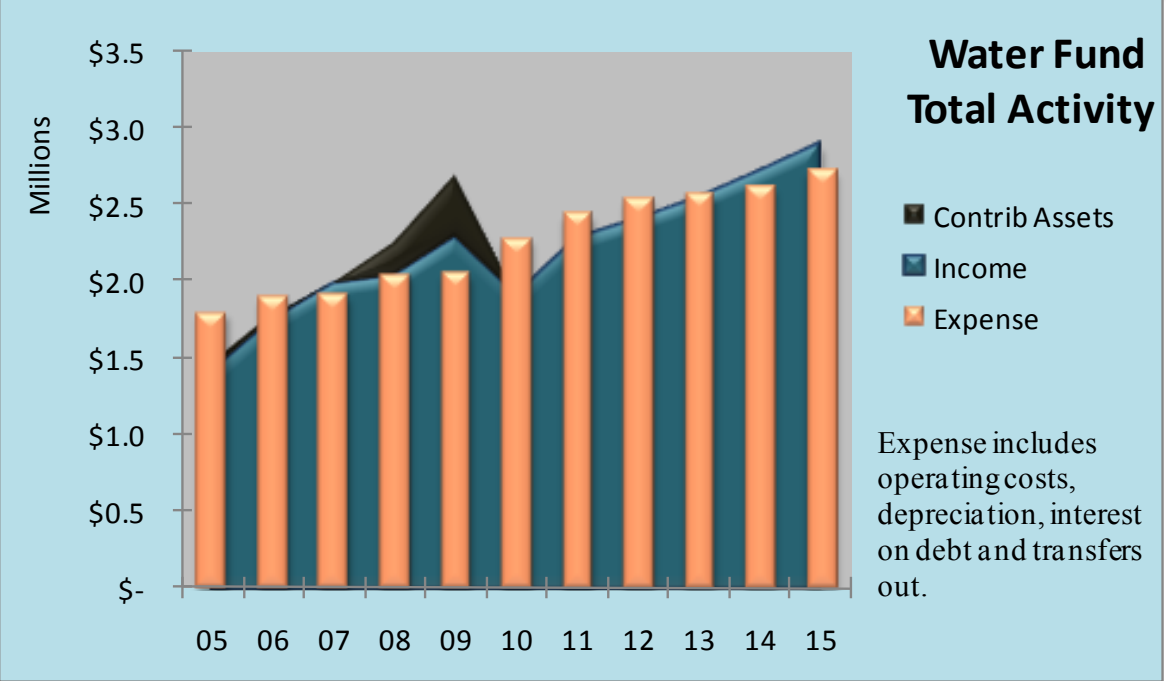
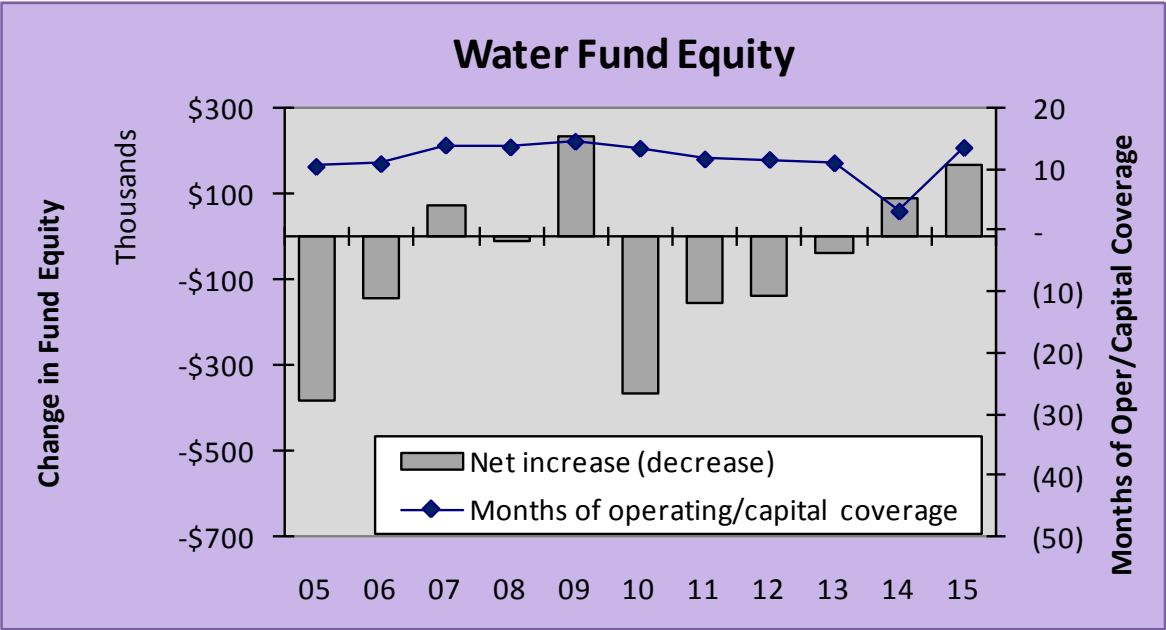
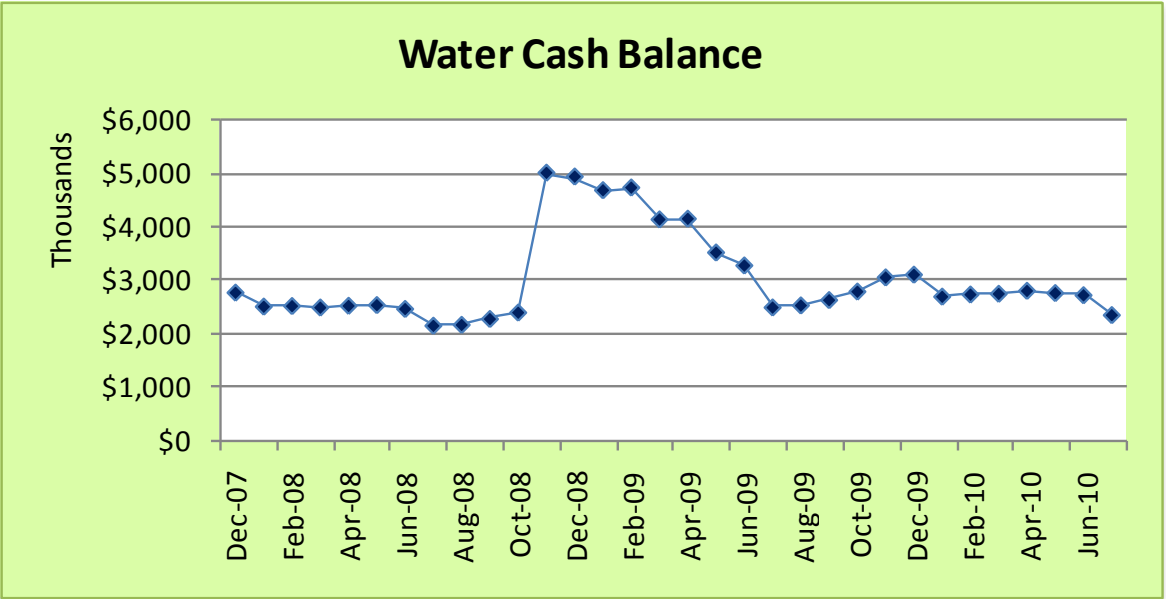
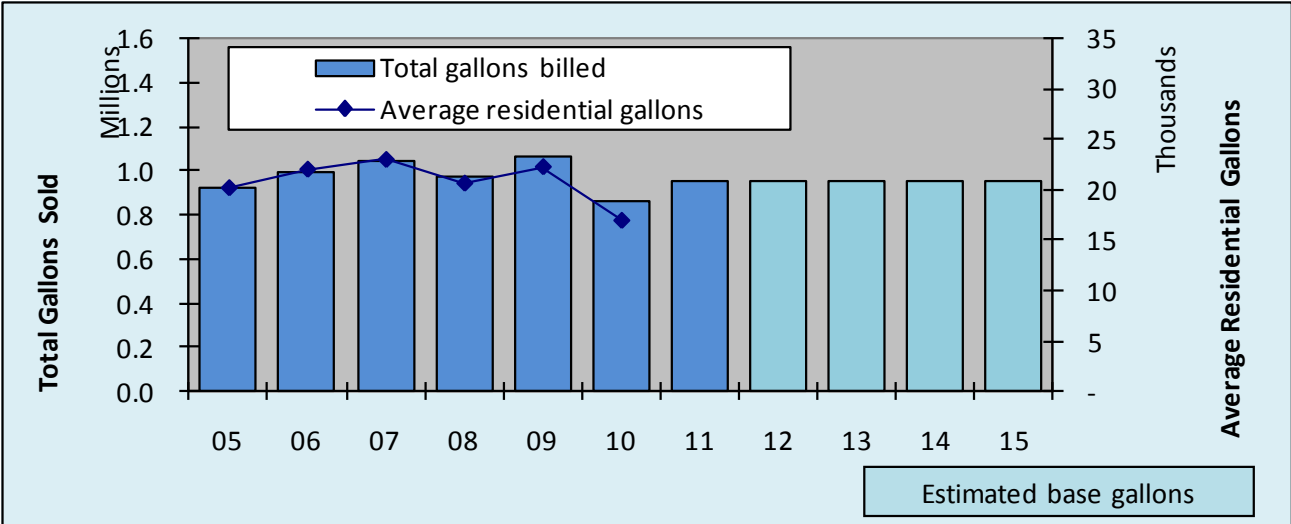
- Average household water consumption is 7% lower than in the year 2000
- Average winter household consumption in the last 5 years is about 6% lower than the previous 5-year period
- Water use fluctuates significantly based on rainfall during the growing season
- Contributions for maintenance center debt payments begin in 2011

Performance/History

- Operating coverage equal to 10 to 14 months of operating and capital costs
- Stable cash balances (apart from spending down of bond proceeds)
- Operating losses in 2 of the last 5 years
- Decrease in overall net assets in 2 of the last 5 years
- Reduce projected base gallons 7% (down to 950 million gallons)

Fund Goals/Targets

- Preserve a minimum of 8 months of operating coverage (exempt of anticipated water treatment plant costs)
- Increase water rates to achieve overall gain within 4 years
- Begin adjusting water rates at higher rates two years before the scheduled addition of a water treatment plant in 2015



Water Fund	Actual	Actual	Actual	Actual	Actual	Estimated	Projected	Projected	Projected	Projected	Projected
Operating Projections	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue											
User charges	\$ 1,313,312	\$ 1,584,700	\$ 1,829,484	\$ 1,883,743	\$ 2,150,895	\$ 1,833,500	\$ 2,200,000	\$ 2,304,173	\$ 2,464,879	\$ 2,637,497	\$ 2,820,133
Facility charges	15,645	46,315	5,500	13,750	4,400	4,500	4,500	5,000	5,000	5,000	5,000
Meter sales	20,323	11,944	4,551	10,232	2,950	3,500	3,500	4,000	4,000	4,000	4,000
Other	10,854	6,195	8,312	12,635	67,585	7,500	7,500	7,500	7,500	7,500	7,500
Total Revenue	\$ 1,360,134	\$ 1,649,154	\$ 1,847,847	\$ 1,920,360	\$ 2,225,830	\$ 1,849,000	\$ 2,215,500	\$ 2,320,673	\$ 2,481,379	\$ 2,653,997	\$ 2,836,633
Expense											
Operations	1,144,102	1,164,562	1,193,418	1,235,563	1,245,066	1,395,439	1,400,212	1,475,405	1,486,788	1,519,885	1,534,606
Meters	41,747	79,160	46,513	94,056	-	10,000	10,000	10,000	10,000	15,000	15,000
Depreciation	414,137	430,841	448,850	465,963	476,849	536,500	605,200	629,900	636,700	643,900	648,900
Total Expense	\$ 1,599,986	\$ 1,674,563	\$ 1,688,781	\$ 1,795,582	\$ 1,721,915	\$ 1,941,939	\$ 2,015,412	\$ 2,115,305	\$ 2,133,488	\$ 2,178,785	\$ 2,198,506
Operating income (loss)	(239,852)	(25,409)	159,066	124,778	503,915	(92,939)	200,088	205,368	347,891	475,212	638,127
Other Sources (Uses)											
Miscellaneous items	-	-	-	(362)	-	-	-	-	-	-	-
Interest earnings	55,639	99,989	133,727	112,658	56,635	60,000	62,100	78,700	55,700	55,700	53,800
Transfer out/General fund	(120,000)	(120,000)	(120,000)	(120,000)	(130,000)	(145,000)	(160,000)	(175,000)	(190,000)	(205,000)	(235,000)
Transfer out/capital funds	(3,190)	-	-	-	-	(6,000)	(3,800)	-	-	-	(3,800)
Transfer out/Central Garage (debt)	-	-	-	-	-	-	(65,000)	(65,000)	(72,500)	(72,500)	(72,500)
Interest and agent fees	(73,373)	(101,273)	(103,071)	(126,890)	(197,535)	(185,000)	(191,700)	(182,961)	(177,833)	(162,300)	(212,717)
Total Other Sources (Uses)	\$ (140,924)	\$ (121,284)	\$ (89,344)	\$ (134,594)	\$ (270,900)	\$ (276,000)	\$ (358,400)	\$ (344,261)	\$ (384,633)	\$ (384,100)	\$ (470,217)
Contributed capital assets	50,730	30,485	-	212,000	396,278	-	-	-	-	-	-
Net change	(330,046)	(116,208)	69,722	202,184	629,293	(368,939)	(158,312)	(138,893)	(36,742)	91,112	167,910
Net assets at year-end	\$ 12,071,016	\$ 11,954,808	\$ 12,024,530	\$ 12,226,714	\$ 12,856,007	\$ 12,487,068	\$ 12,328,756	\$ 12,189,863	\$ 12,153,121	\$ 12,244,233	\$ 12,412,143
			weighted	weighted		blended					
Rate increase (middle tier)	3.43%	10.00%	8.02%	11.99%	5.00%	5.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Change in user charges	-1.9%	20.7%	15.4%	3.0%	14.2%	-14.8%	20.0%	4.7%	7.0%	7.0%	6.9%
Cash balance	\$ 1,769,292	\$ 2,541,260	\$ 2,770,388	\$ 4,923,229	\$ 3,103,590	\$ 3,936,304	\$ 2,785,097	\$ 2,782,526	\$ 2,689,438	\$ 3,284,862	\$ 3,757,189
Months of operating/capital coverage	10.5	11.0	14.0	13.7	14.7	13.5	11.8	11.7	11.1	3.2	13.6
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ 2,116,195	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of gross assets	0.61%	0.61%	0.58%	0.57%	0.55%	0.60%	0.64%	0.69%	0.74%	0.79%	0.66%
Capital costs	\$ 816,391	\$ 119,027	\$ 861,990	\$ 325,778	\$ 2,253,239	\$ 262,000	\$ 1,059,000	\$ 303,000	\$ 286,000	\$ 283,000	\$ 9,521,000
Debt issued	\$ -	\$ 860,000	\$ 845,000	\$ 2,365,000	\$ -	\$ 1,240,000	\$ -	\$ 390,000	\$ -	\$ 570,000	\$ 9,610,000
Debt payments (principal)	\$ 200,000	\$ 215,000	\$ 220,000	\$ 275,000	\$ 315,000	\$ 425,000	\$ 460,000	\$ 550,000	\$ 380,000	\$ 390,000	\$ 395,000
Debt balance (year end)	\$ 1,850,000	\$ 2,495,000	\$ 3,120,000	\$ 5,210,000	\$ 4,895,000	\$ 5,710,000	\$ 5,250,000	\$ 5,090,000	\$ 4,710,000	\$ 4,890,000	\$ 14,105,000
Gallons sold (000)	918,150	992,794	1,048,409	973,106	1,066,008	863,606	950,000	950,000	950,000	950,000	950,000
Average residential gallons (qtr)	20,201	22,017	22,970	20,650	22,263	17,000	-	-	-	-	-
Customer accounts	8,379	8,445	8,480	8,518	8,648	8,779	8,779	8,779	8,779	8,779	8,779

Sewer Fund Operations

The Sewer Fund accounts for the collection and treatment of wastewater (sewage) from homes and businesses throughout the City. Sewage is routed or pumped into facilities owned and operated by Metropolitan Council Environmental Services. Because sewage treatment costs are more than half of operating costs, rates are designed to charge high volume customers more because they contribute more flow to the system.

Impacts

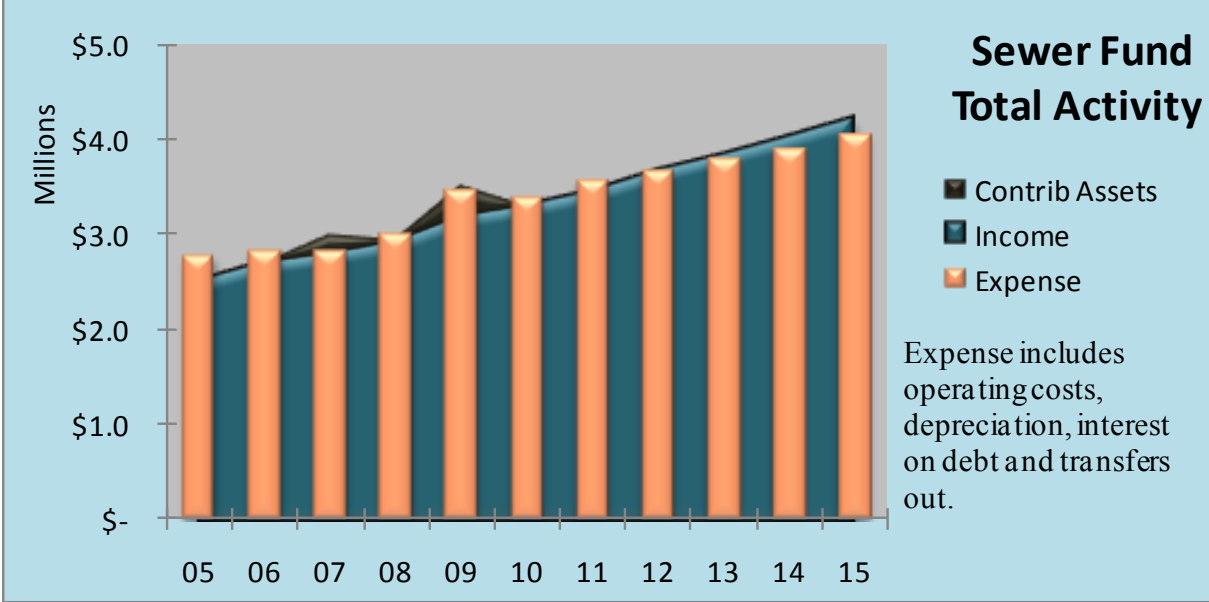
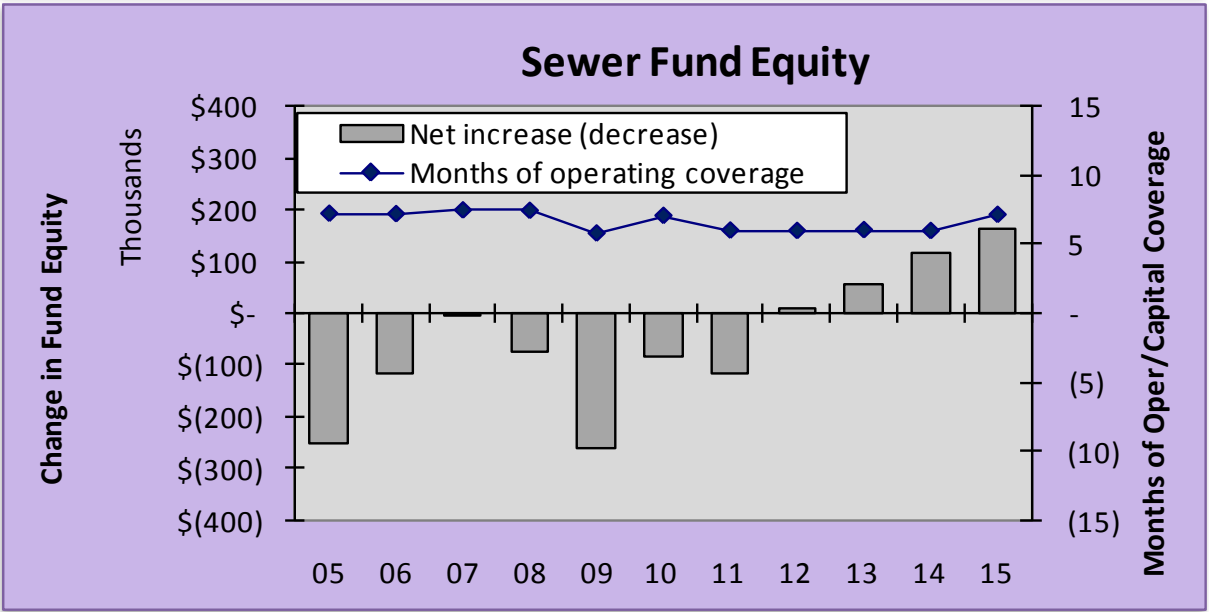
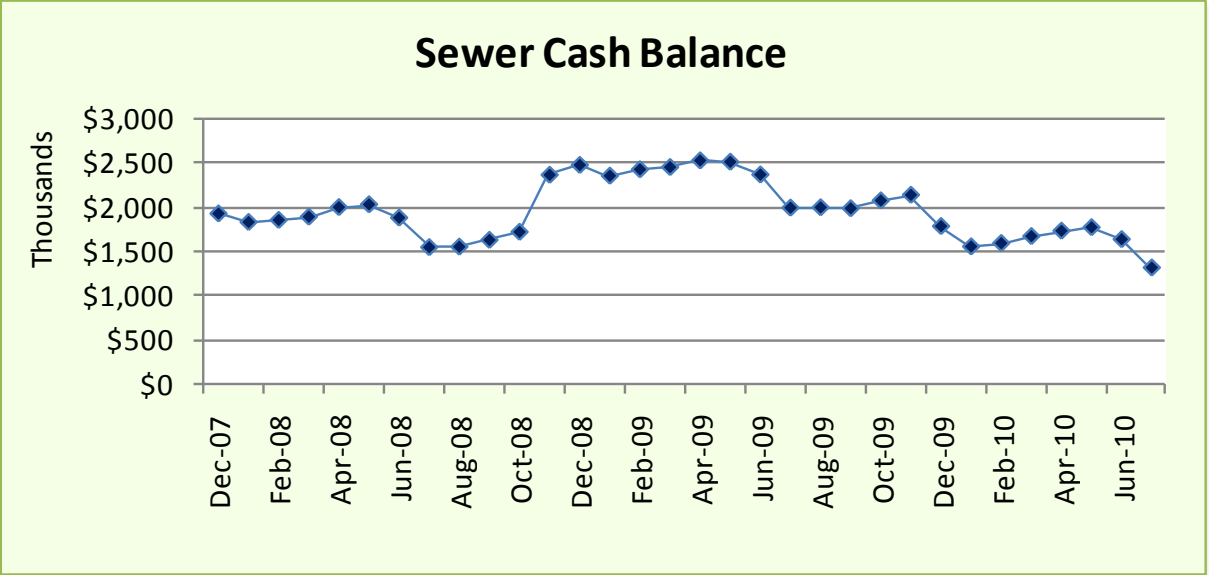
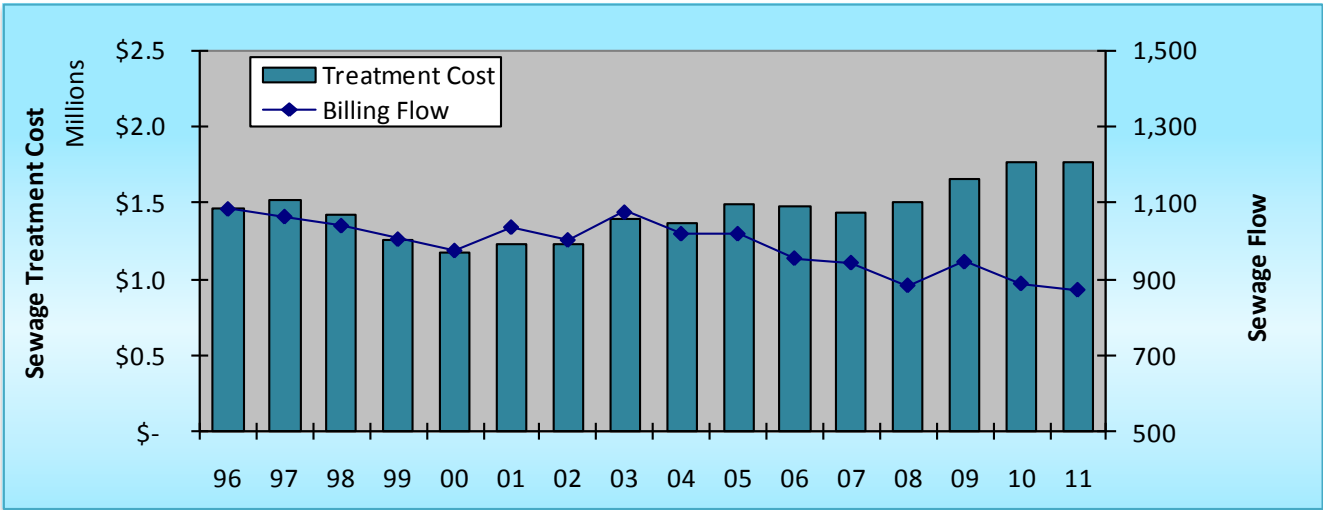
- Residential sewer bills are based on winter water consumption
- Average winter household consumption the last 5 years is approximately 6% lower than the previous 5-year period
- Residential customers billed in the lowest 3 tiers is growing while customers billed in the highest 2 tiers is declining
- Sewage treatment costs rise even though total flow declines (see graph below)
- Inflow and infiltration elimination project completed in 2009
- Contributions for maintenance center debt payments begin in 2011

Performance/History

- Operating coverage equal to 6 to 7 months
- Stable cash balances (apart from spending down of bond proceeds)
- Operating losses in 3 of the last 5 years
- Decrease in overall net assets in 3 of the last 5 years

Fund Goals/Targets

- Preserve a minimum of 6 months of operating and capital coverage
- Increase rates to achieve overall gain within 2 years
- Continue efforts to reduce inflow and infiltration, to manage the rise in sewage treatment costs



Sewer Fund	Actual	Actual	Actual	Actual	Actual	Estimated	Projected	Projected	Projected	Projected	Projected
Operating Projections	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue											
User charges	\$ 2,444,623	\$ 2,575,807	\$ 2,688,544	\$ 2,841,078	\$ 3,116,993	\$ 3,230,000	\$ 3,404,000	\$ 3,605,038	\$ 3,783,493	\$ 3,970,584	\$ 4,166,963
Facility charges	14,357	37,901	2,793	4,636	2,655	3,200	3,200	2,500	2,000	1,500	1,000
Other	3,426	2,335	4,577	3,286	31,959	12,000	2,500	2,500	2,500	2,500	2,500
Total Revenue	\$ 2,462,406	\$ 2,616,043	\$ 2,695,914	\$ 2,849,000	\$ 3,151,607	\$ 3,245,200	\$ 3,409,700	\$ 3,610,038	\$ 3,787,993	\$ 3,974,584	\$ 4,170,463
Expense											
Operations	929,252	983,068	977,660	1,093,256	1,356,292	1,159,029	1,237,558	1,244,617	1,283,189	1,328,336	1,369,851
Sewage treatment	1,492,122	1,472,338	1,438,485	1,496,964	1,657,474	1,757,600	1,764,000	1,835,000	1,903,000	1,989,000	2,079,000
Depreciation	211,236	226,161	243,644	251,630	265,557	286,000	305,000	318,000	320,000	323,000	336,000
Total Expense	\$ 2,632,610	\$ 2,681,567	\$ 2,659,789	\$ 2,841,850	\$ 3,279,323	\$ 3,202,629	\$ 3,306,558	\$ 3,397,617	\$ 3,506,189	\$ 3,640,336	\$ 3,784,851
Operating income (loss)	(170,204)	(65,524)	36,125	7,150	(127,716)	42,571	103,142	212,421	281,804	334,248	385,612
Other Sources (Uses)											
Miscellaneous items	-	1,714	-	(362)	-	-	-	-	-	-	-
Interest earnings	50,714	88,847	103,979	74,581	35,907	50,000	36,000	51,000	37,000	38,000	40,000
Transfer out/General fund	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(121,000)	(122,000)	(123,000)	(124,000)	(125,000)	(126,000)
Transfer out/capital funds	(3,190)	-	-	-	-	(6,000)	(3,800)	-	-	-	(3,800)
Transfer out/Central Garage (debt)	-	-	-	-	-	-	(65,000)	(65,000)	(72,500)	(72,500)	(72,500)
Interest and agent fees	(10,923)	(21,362)	(23,635)	(34,913)	(50,951)	(50,400)	(64,950)	(64,192)	(65,715)	(56,835)	(58,654)
Total Other Sources (Uses)	\$ (83,399)	\$ (50,801)	\$ (39,656)	\$ (80,694)	\$ (135,044)	\$ (127,400)	\$ (219,750)	\$ (201,192)	\$ (225,215)	\$ (216,335)	\$ (220,954)
Contributed capital assets	-	-	200,000	24,000	318,200	-	-	-	-	-	-
Net change	(253,603)	(116,325)	196,469	(49,544)	55,440	(84,829)	(116,608)	11,229	56,589	117,913	164,658
Net assets at year-end	\$ 7,152,422	\$ 7,036,097	\$ 7,232,566	\$ 7,183,022	\$ 7,238,462	\$ 7,153,633	\$ 7,037,025	\$ 7,048,254	\$ 7,104,843	\$ 7,222,756	\$ 7,387,414
Rate increase (middle tier)	4.6%	5.5%	5.7%	6.2%	10.0%	6.0%	6.0%	6.0%	5.0%	5.0%	5.0%
Change in user revenue	4.7%	5.4%	4.4%	5.7%	9.7%	3.6%	5.4%	5.9%	5.0%	4.9%	4.9%
Cash balance	\$ 1,854,669	\$ 1,939,084	\$ 1,928,594	\$ 2,483,341	\$ 1,784,149	\$ 2,537,476	\$ 1,848,582	\$ 1,908,192	\$ 2,001,562	\$ 2,315,380	\$ 2,618,186
Months of operating/capital coverage	7.2	7.2	7.5	7.3	5.9	7.1	6.0	5.9	6.0	5.9	7.1
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ 509,212	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of gross assets	1.19%	1.16%	1.09%	1.08%	0.99%	0.98%	0.93%	0.94%	0.94%	0.94%	0.90%
Capital costs	\$ 435,113	\$ 256,032	\$ 427,853	\$ 96,295	\$ 633,862	\$ 267,000	\$ 745,000	\$ 71,000	\$ 91,000	\$ 110,000	\$ 640,000
Debt issued	\$ -	\$ 270,000	\$ 260,000	\$ 580,000	\$ -	\$ 985,000	\$ -	\$ -	\$ -	\$ 190,000	\$ 660,000
Debt payments (principal)	\$ 30,000	\$ 30,000	\$ 30,000	\$ 45,000	\$ 55,000	\$ 80,000	\$ 90,000	\$ 145,000	\$ 155,000	\$ 160,000	\$ 175,000
Debt balance (year end)	\$ 365,000	\$ 605,000	\$ 835,000	\$ 1,370,000	\$ 1,315,000	\$ 2,220,000	\$ 2,130,000	\$ 1,985,000	\$ 1,830,000	\$ 1,860,000	\$ 2,345,000
Residential - tier 3	\$ 49.82	\$ 52.56	\$ 55.56	\$ 58.99	\$ 64.89	\$ 68.78	\$ 72.91	\$ 77.29	\$ 81.16	\$ 85.22	\$ 89.48
Commercial (consumption)	\$ 2.50	\$ 2.64	\$ 2.80	\$ 2.97	\$ 3.27	\$ 3.47	\$ 3.68	\$ 3.90	\$ 4.10	\$ 4.31	\$ 4.53
Commercial gallons (000)	96,261	100,357	95,704	92,068	89,834	90,500	93,700	93,700	93,700	93,700	93,700
Customer accounts	8,808	8,791	8,786	8,767	8,781	8,780	8,780	8,780	8,780	8,780	8,780

Surface Water Management Fund Operations

The Surface Water Management Fund accounts for the City’s storm sewers and surface water ponds. The storm system collects and directs surface water runoff and provides protections for ground water quality.

Impacts

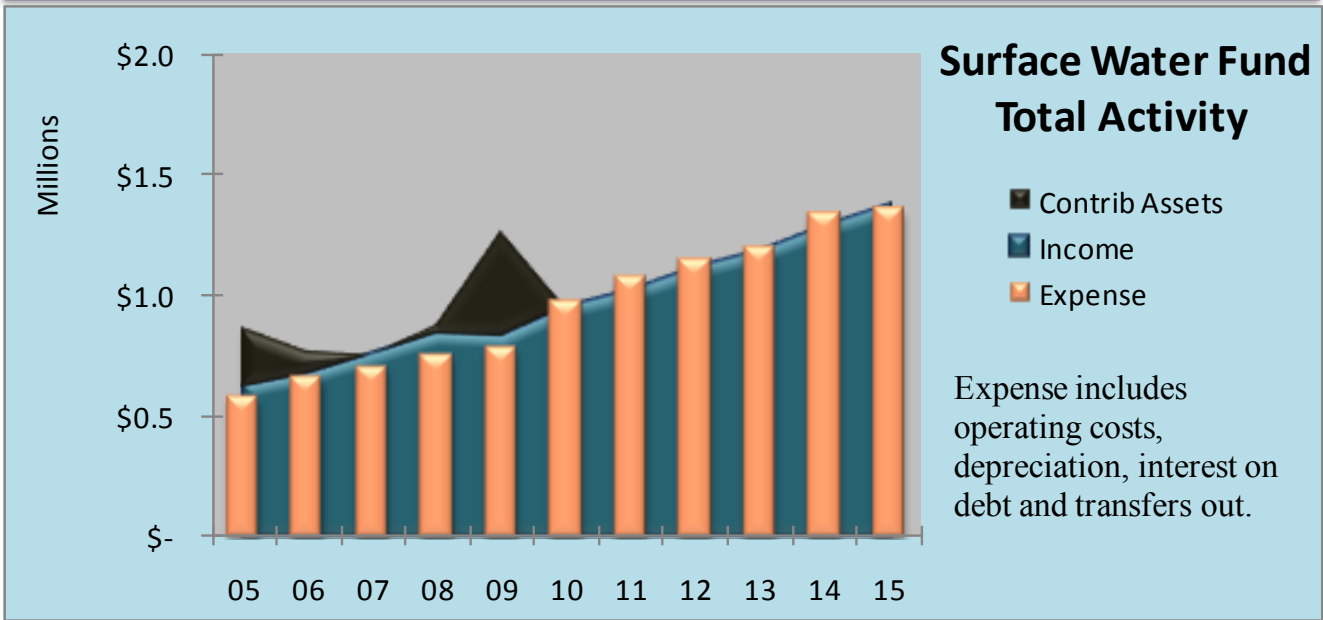
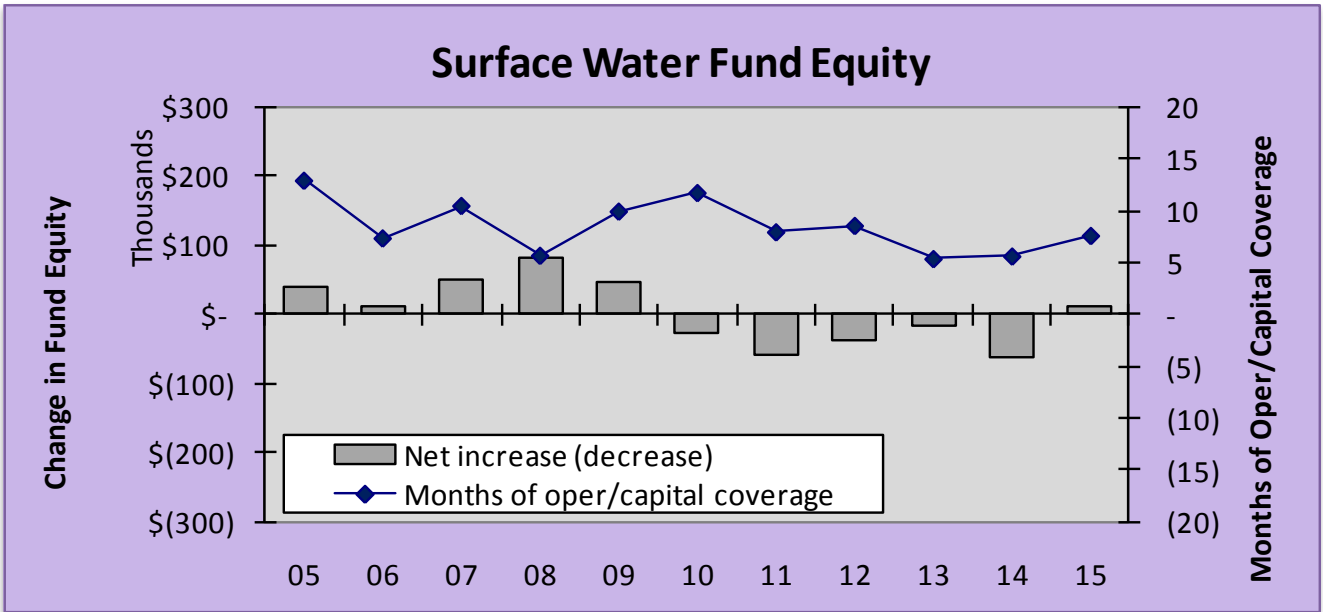
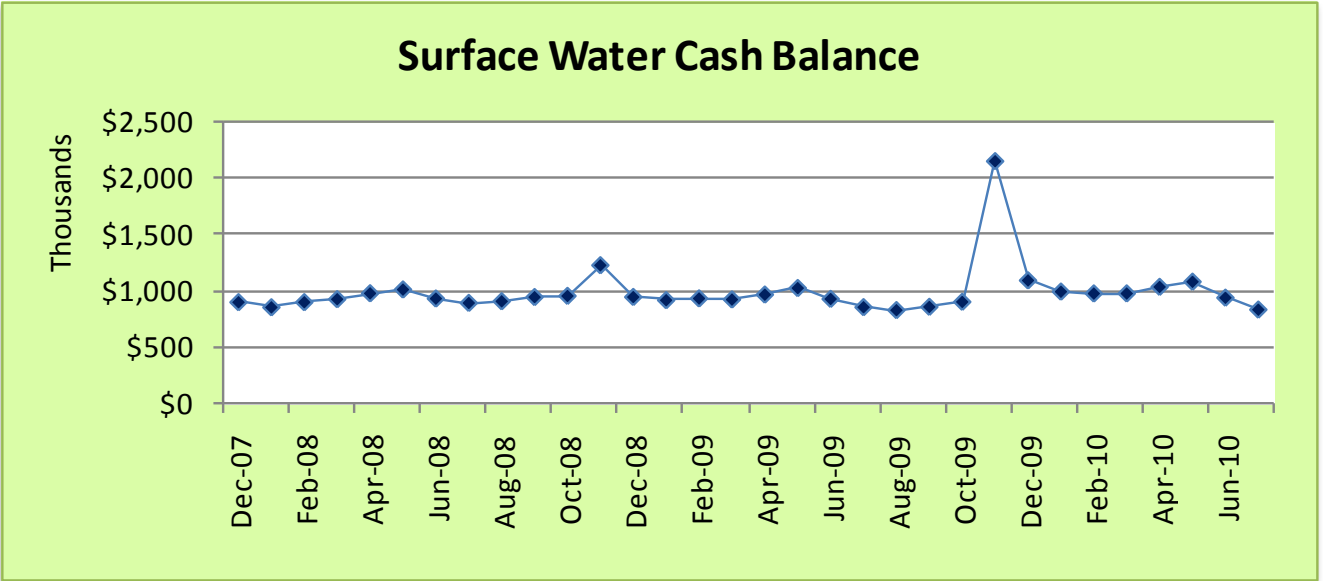
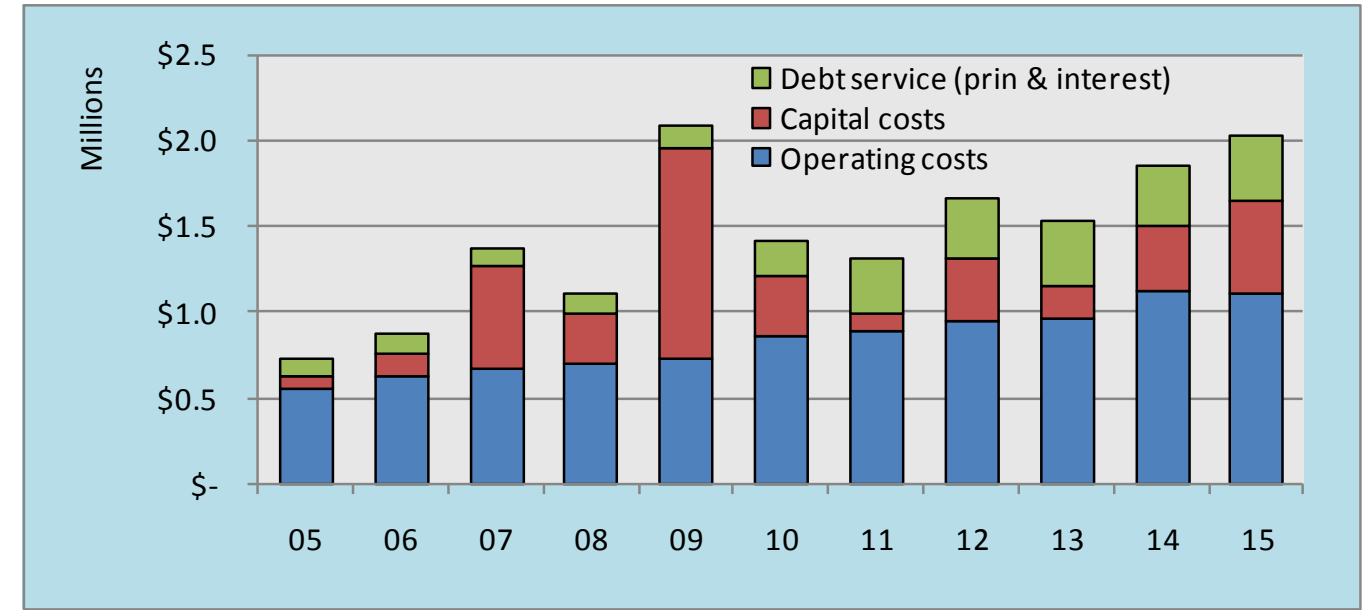
- Contributions for maintenance center debt payments begin in 2011

Performance/History

- Operating coverage equal to 5 to 13 months
- Stable cash balances
- Overall gains in each of the last 5 years

Fund Goals/Targets

- Preserve a minimum of 5 months of operating and capital coverage
- Expected operating gain in each of the next 5 years, but overall losses in net assets are expected in the next 4 years
- Monitor cash and equity balances closely
- Increase rates to achieve overall gain within 5 years



Surface Water Fund	Actual	Actual	Actual	Actual	Actual	Estimated	Projected	Projected	Projected	Projected	Projected
Operating Projections	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue											
User charges	\$ 589,757	\$ 612,947	\$ 656,750	\$ 723,966	\$ 797,540	\$ 870,000	\$ 935,000	\$ 1,026,300	\$ 1,097,100	\$ 1,205,100	\$ 1,288,300
Facility charges	-	-	-	-	-	-	-	-	-	-	-
Snail Lake augmentation	3,804	13,853	10,731	12,884	10,635	52,100	47,700	48,531	48,185	48,935	48,625
Other operating	5,815	5,355	16,906	13,117	936	5,000	5,000	4,000	-	-	-
Total Revenue	\$ 599,376	\$ 632,155	\$ 684,387	\$ 749,967	\$ 809,111	\$ 927,100	\$ 987,700	\$ 1,078,831	\$ 1,145,285	\$ 1,254,035	\$ 1,336,925
Expense											
Surface water operations	415,225	468,589	498,403	523,960	557,299	621,683	642,938	691,943	706,698	858,844	836,042
Snail Lake augmentation	6,420	23,400	18,123	21,797	7,951	42,086	32,053	34,561	35,054	35,630	36,236
Depreciation	130,263	140,903	151,543	159,159	169,816	192,000	208,000	218,000	223,000	228,000	235,000
Total Expense	\$ 551,908	\$ 632,892	\$ 668,069	\$ 704,916	\$ 735,066	\$ 855,769	\$ 882,991	\$ 944,504	\$ 964,752	\$ 1,122,474	\$ 1,107,278
Operating income (loss)	47,468	(737)	16,318	45,051	74,045	71,331	104,709	134,327	180,533	131,561	229,647
Other Sources (Uses)											
Miscellaneous items	-	286	20,512	49,638	-	-	-	-	-	-	-
Interest earnings	19,193	38,336	46,861	37,161	17,425	17,000	24,000	27,000	29,000	23,000	27,000
Transfer out/General fund	-	-	-	-	(20,000)	(40,000)	(50,000)	(60,000)	(75,000)	(85,000)	(90,000)
Transfer out/Central Garage (debt)	-	-	-	-	-	-	(47,000)	(47,000)	(51,900)	(51,900)	(51,900)
Interest and agent fees	(27,538)	(26,492)	(32,303)	(48,344)	(26,179)	(76,050)	(91,700)	(92,023)	(97,670)	(78,656)	(104,212)
Total Other Sources (Uses)	\$ (8,345)	\$ 12,130	\$ 35,070	\$ 38,455	\$ (28,754)	\$ (99,050)	\$ (164,700)	\$ (172,023)	\$ (195,570)	\$ (192,556)	\$ (219,112)
Contributed capital assets	247,124	98,062	-	37,063	430,543	-	-	-	-	-	-
Net change	286,247	109,455	51,388	120,569	475,834	(27,719)	(59,991)	(37,696)	(15,037)	(60,995)	10,535
Net assets at year-end	\$ 6,611,161	\$ 6,720,616	\$ 6,772,004	\$ 6,892,573	\$ 7,368,407	\$ 7,340,688	\$ 7,280,697	\$ 7,243,001	\$ 7,227,964	\$ 7,166,969	\$ 7,177,504
Rate increase - homes	2.5%	3.2%	6.0%	10.1%	10.0%	10.0%	7.0%	10.0%	7.0%	10.0%	7.0%
Change in user revenue	1.1%	3.9%	7.1%	10.2%	10.2%	9.1%	7.5%	9.8%	6.9%	9.8%	6.9%
Cash balance	\$ 843,595	\$ 793,618	\$ 900,456	\$ 946,904	\$ 1,095,093	\$ 1,146,098	\$ 999,336	\$ 980,604	\$ 764,924	\$ 886,365	\$ 917,411
Months of operating/capital coverage	12.9	7.3	10.2	5.9	10.4	11.7	7.9	8.5	5.4	5.6	7.6
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ 8,977	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of gross assets	0.0%	0.0%	0.0%	0.0%	0.2%	0.4%	0.5%	0.6%	0.7%	0.7%	0.7%
Capital costs	\$ 72,563	\$ 128,157	\$ 603,385	\$ 309,673	\$ 1,142,600	\$ 289,200	\$ 106,000	\$ 369,000	\$ 189,000	\$ 372,000	\$ 541,900
Debt issued	\$ -	\$ -	\$ 600,000	\$ 230,000	\$ 1,180,000	\$ 355,000	\$ -	\$ 390,000	\$ -	\$ 590,000	\$ 570,000
Debt payments (principal)	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 110,000	\$ 130,000	\$ 225,000	\$ 255,000	\$ 275,000	\$ 285,000	\$ 280,000
Debt balance (year end)	\$ 895,000	\$ 815,000	\$ 1,335,000	\$ 1,485,000	\$ 2,555,000	\$ 2,780,000	\$ 2,555,000	\$ 2,690,000	\$ 2,415,000	\$ 2,720,000	\$ 3,010,000
Residential rate (homes)	\$ 9.96	\$ 10.28	\$ 10.90	\$ 12.00	\$ 13.20	\$ 14.52	\$ 15.54	\$ 17.09	\$ 18.29	\$ 20.12	\$ 21.53
Customer accounts	8,990	9,005	9,031	9,041	9,066	9,066	9,066	9,066	9,066	9,066	9,066

Street Lighting Fund Operations

The Street Lighting Fund accounts for street light operations in support of safe vehicle and pedestrian traffic throughout the community. The system includes lights owned by Xcel Energy and the City.

Impacts

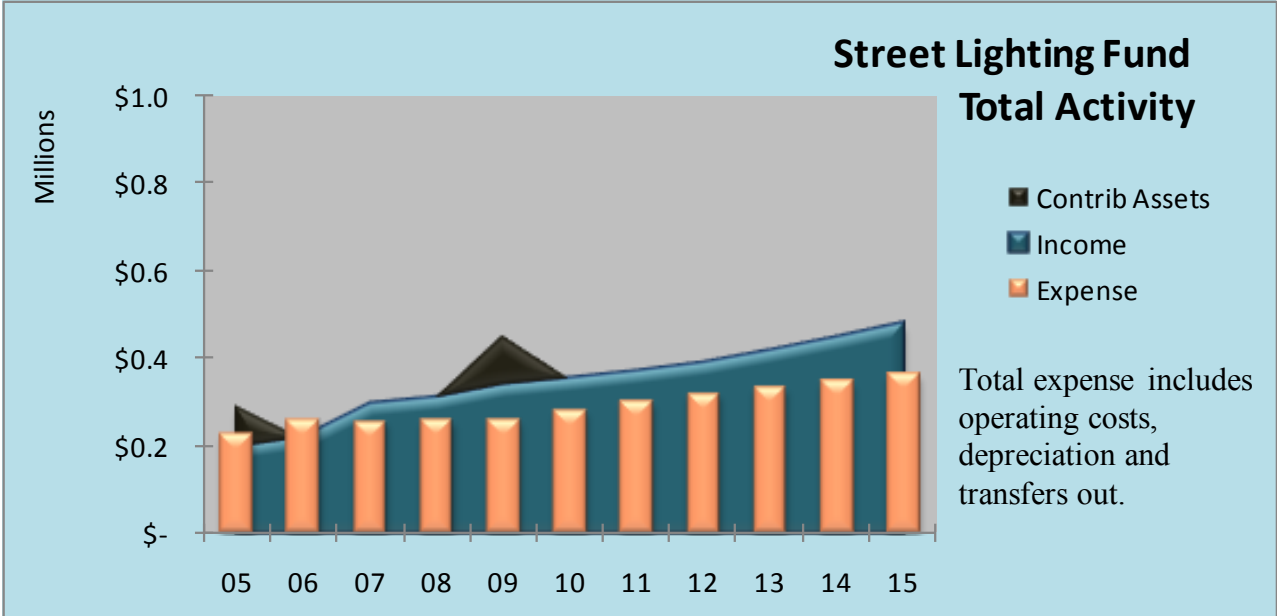
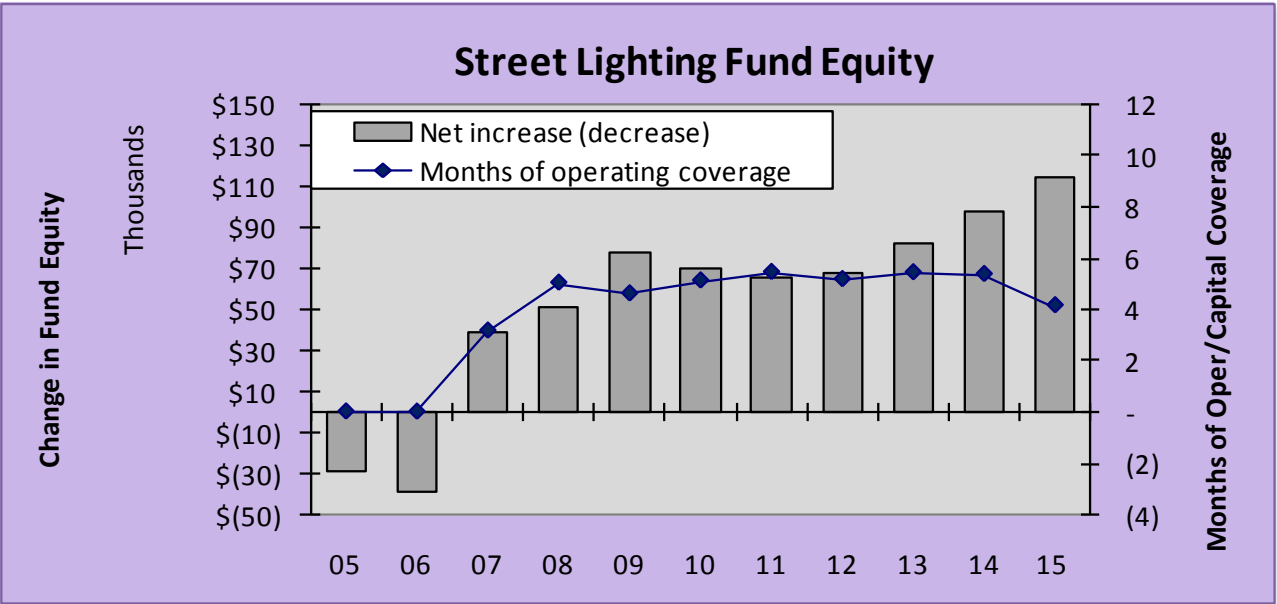
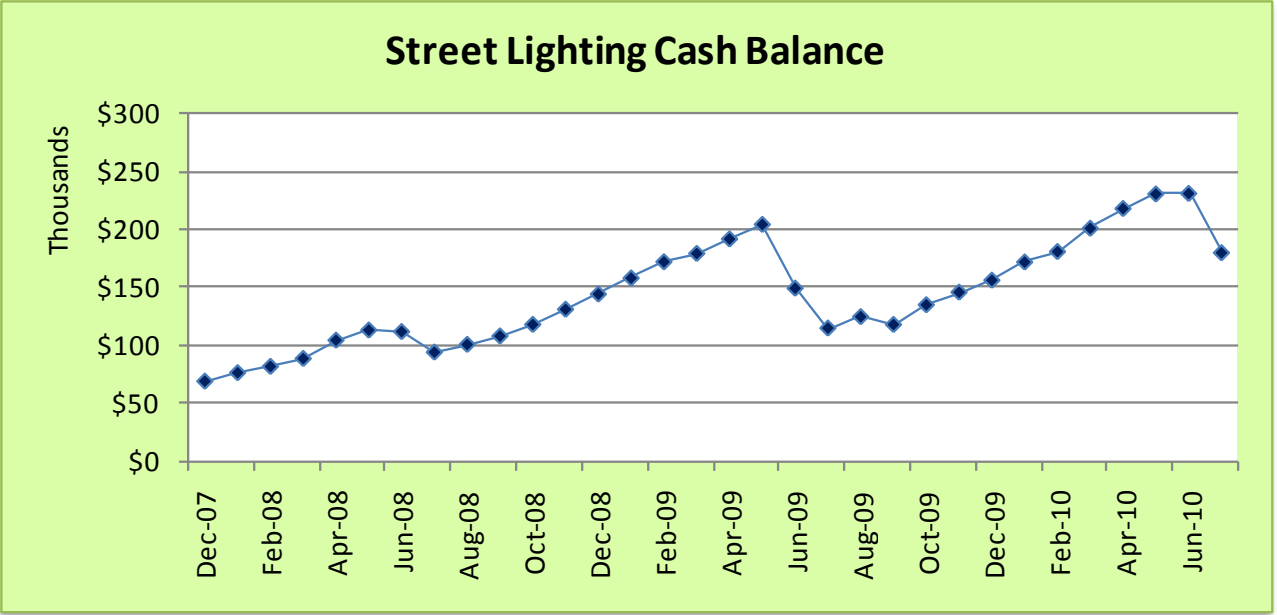
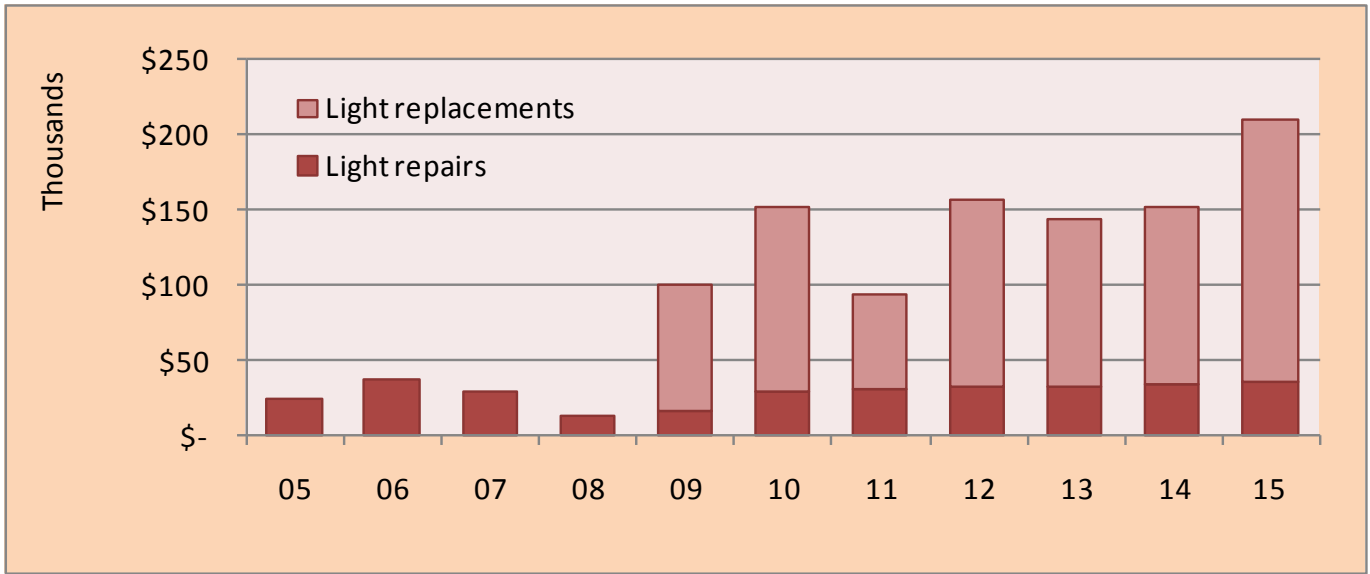
- Street light repair and replacement costs place increasing demands on street light revenue with between 15 and 20 complete street light replacements per year, as well as partial replacements
- Contributions for maintenance center debt repayment begin in 2011

Performance/History

- Fund was created in 2004
- Operating coverage equal to 1 to 5 months
- Cash contribution from the General Fund in 2007 (\$60,000 one-time transfer)
- Improved fund equity and cash balances
- Operating losses in 3 of the last 5 years, and overall decrease in net assets in one year

Fund Goals/Targets

- Preserve a minimum of 4 months operating and capital coverage
- Expected operating and overall gain in each of the next 5 years



Street Lighting Fund	Actual	Actual	Actual	Actual	Actual	Estimated	Projected	Projected	Projected	Projected	Projected
Operating Projections	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue											
User charges	\$ 197,102	\$ 218,112	\$ 232,375	\$ 302,600	\$ 333,903	\$ 347,000	\$ 363,000	\$ 381,100	\$ 408,000	\$ 436,400	\$ 466,900
Other	6	(11)	44	1,097	144	500	500	500	500	500	500
Total Revenue	\$ 197,108	\$ 218,101	\$ 232,419	\$ 303,697	\$ 334,047	\$ 347,500	\$ 363,500	\$ 381,600	\$ 408,500	\$ 436,900	\$ 467,400
Expense											
Operations	162,996	180,713	184,111	205,167	200,493	205,952	210,923	220,286	227,192	234,271	242,108
Street light repairs	24,680	36,930	29,606	13,109	16,610	30,000	31,000	32,000	33,000	34,000	35,000
Depreciation	38,137	39,223	40,871	38,825	38,353	39,000	46,000	50,000	52,300	55,000	60,600
Total Expense	\$ 225,813	\$ 256,866	\$ 254,588	\$ 257,101	\$ 255,456	\$ 274,952	\$ 287,923	\$ 302,286	\$ 312,492	\$ 323,271	\$ 337,708
Operating income (loss)	(28,705)	(38,765)	(22,169)	46,596	78,591	72,548	75,577	79,314	96,008	113,629	129,692
Other Sources (Uses)											
Miscellaneous items	-	-	-	-	-	-	-	-	-	-	-
Interest earnings	-	262	1,036	3,982	2,445	3,000	3,000	4,000	4,800	6,300	8,400
Transfer in/General Fund	-	-	60,000	-	-	-	-	-	-	-	-
Transfer out/General Fund	-	-	-	-	(3,000)	(6,000)	(9,000)	(12,000)	(15,000)	(18,000)	(20,000)
Transfer out/Central Garage (debt)	-	-	-	-	-	-	(3,600)	(3,600)	(4,000)	(4,000)	(4,000)
Interest expense	-	(263)	(421)	-	-	-	-	-	-	-	-
Total Other Sources (Uses)	\$ -	\$ (1)	\$ 60,615	\$ 3,982	\$ (555)	\$ (3,000)	\$ (9,600)	\$ (11,600)	\$ (14,200)	\$ (15,700)	\$ (15,600)
Contributed capital assets	95,053	-	-	-	110,000	-	-	-	-	-	-
Net change	66,348	(38,766)	38,446	50,578	188,036	69,548	65,977	67,714	81,808	97,929	114,092
Net assets at year-end	\$ 411,052	\$ 372,286	\$ 410,732	\$ 461,310	\$ 649,346	\$ 718,894	\$ 784,871	\$ 852,585	\$ 934,393	\$ 1,032,322	\$ 1,146,414
Rate increase	0.0%	10.0%	5.9%	30.0%	10.1%	4.0%	5.0%	5.0%	7.0%	7.0%	7.0%
Cash balance	\$ 832	\$ 690	\$ 68,206	\$ 143,557	\$ 155,535	\$ 155,638	\$ 201,871	\$ 191,160	\$ 210,104	\$ 241,168	\$ 235,095
Months of operating/capital coverage	0.0	0.0	3.2	5.0	4.6	5.1	5.5	5.2	5.4	5.4	4.2
General transfer percent of net assets	0.00%	0.00%	0.00%	0.00%	0.20%	0.39%	0.54%	0.67%	0.79%	0.87%	0.84%
Capital costs	\$ -	\$ -	\$ -	\$ -	\$ 82,981	\$ 122,250	\$ 63,450	\$ 125,650	\$ 111,000	\$ 117,350	\$ 176,000
Home/townhome rate	\$ 4.00	\$ 4.40	\$ 4.66	\$ 6.06	\$ 6.67	\$ 6.94	\$ 7.29	\$ 7.65	\$ 8.19	\$ 8.76	\$ 9.37
Apartment/mobile home rate	\$ 3.00	\$ 3.30	\$ 3.50	\$ 4.55	\$ 5.00	\$ 5.20	\$ 5.46	\$ 5.73	\$ 6.13	\$ 6.56	\$ 7.02
Commercial/industrial rate (per acre)	\$ 12.00	\$ 13.20	\$ 14.00	\$ 18.20	\$ 20.02	\$ 20.82	\$ 21.86	\$ 22.95	\$ 24.56	\$ 26.28	\$ 28.12
Customer accounts	10,708	10,759	10,783	10,796	10,796	10,822	10,822	10,822	10,822	10,822	10,822
Acreage (commercial/industrial)	615	618	627	628	630	630	630	630	630	630	630

Central Garage Fund Operations

The Central Garage Fund accounts for the operation and maintenance of the maintenance center and all equipment. City services supported by the facility pay inter-fund charges that are designed to recover operating costs and provide for future replacements.

Impacts

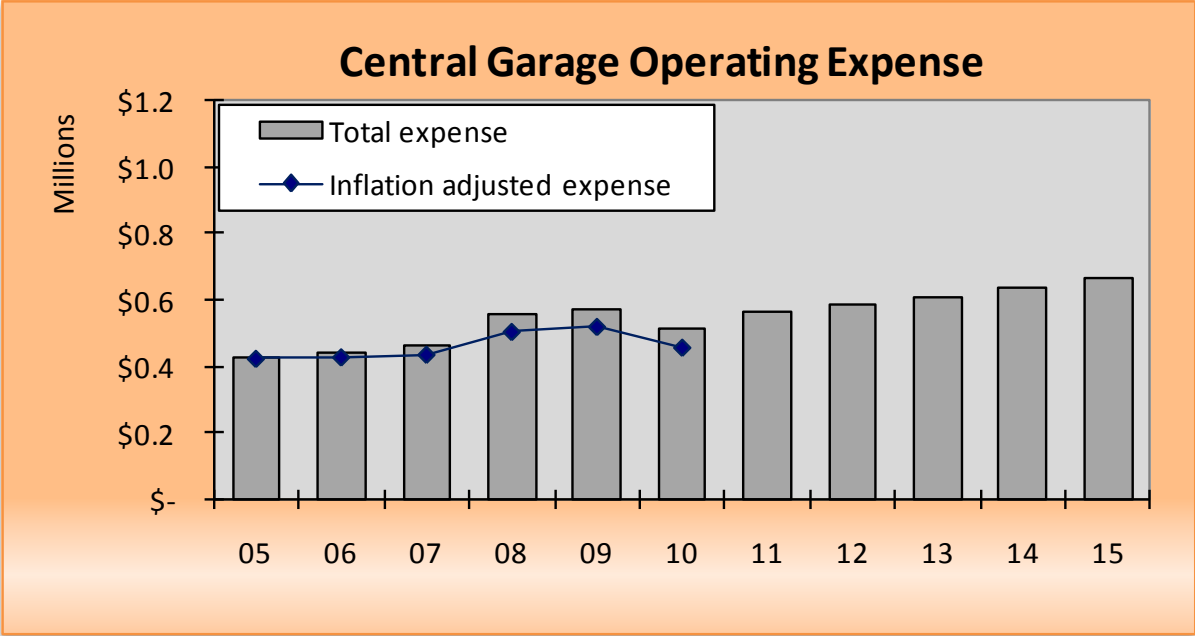
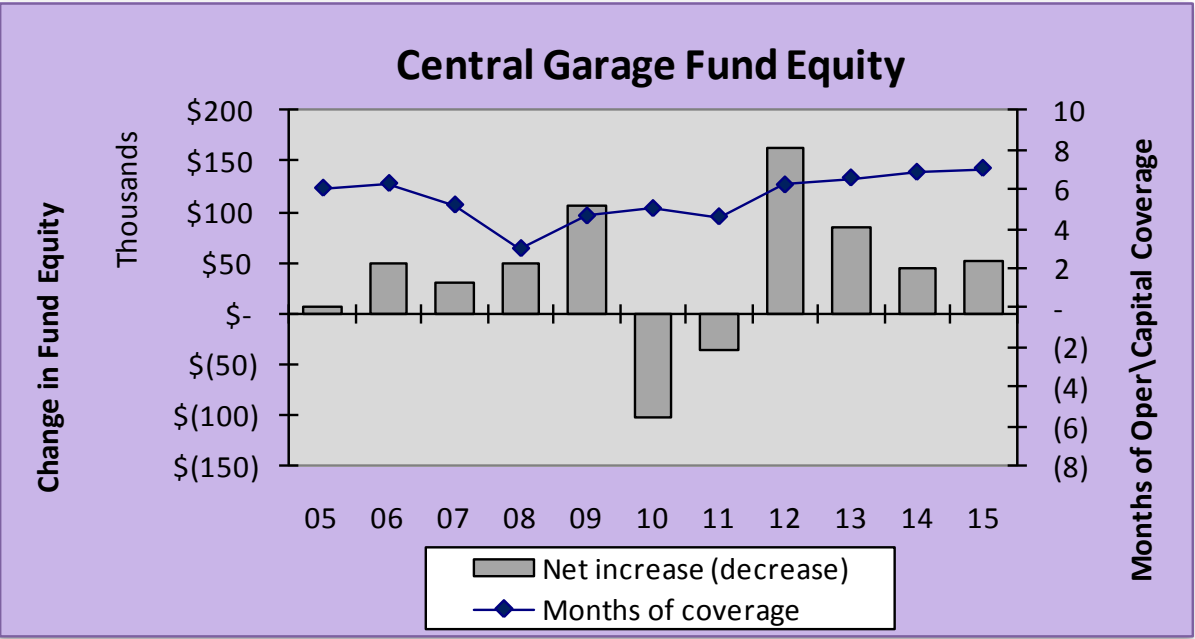
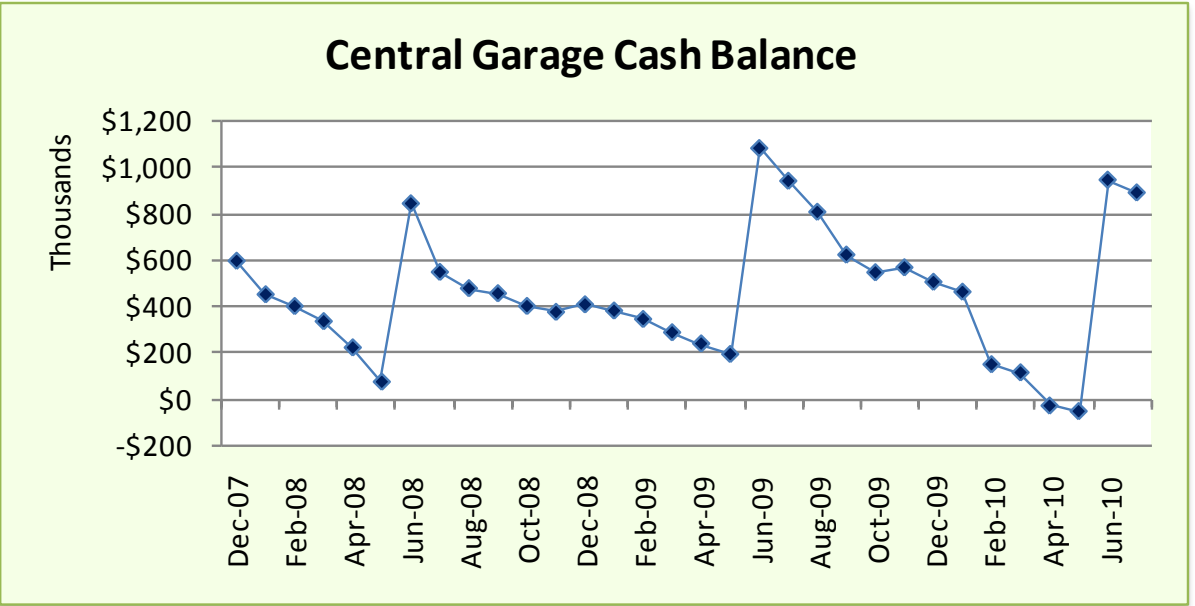
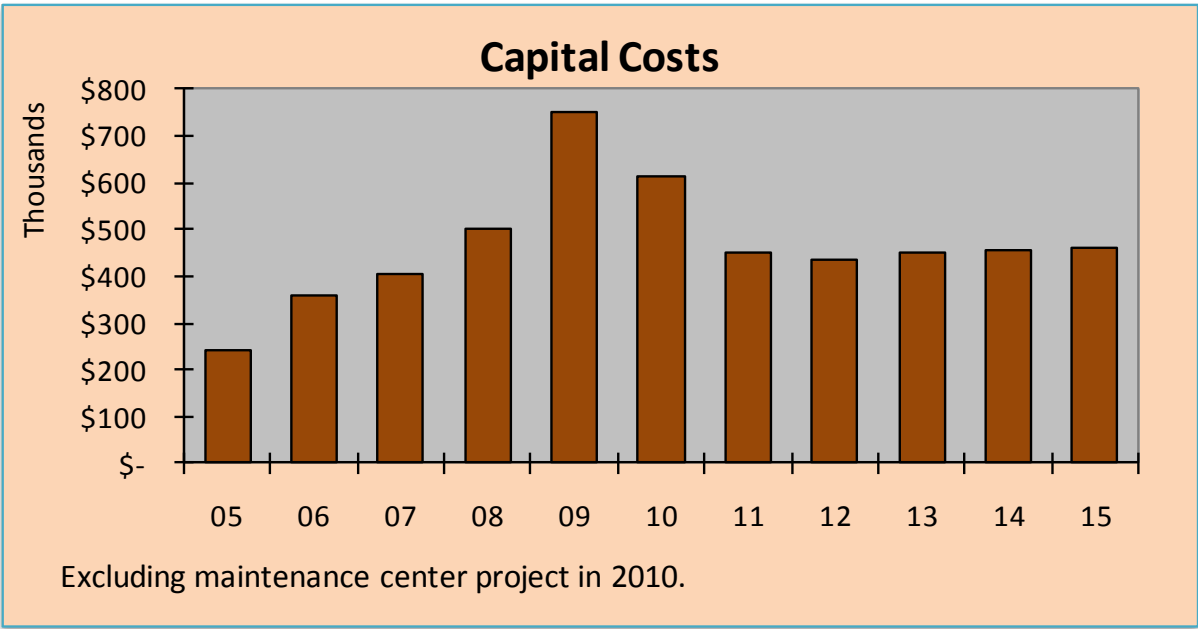
- Capital costs place increasing demands on inter-fund charges
- Fuel costs doubled from 2005 to 2009
- Maintenance center renovation completed in 2010
- Debt payments on maintenance center debt begin in 2011

Performance/History

- Operating coverage equal to 3 to 6 months
- Temporary periods of cash decline due to the timing of inter-fund charges and capital costs
- Operating gain in 3 of the last 5 years, and overall gain in each of the last 5 years

Fund Goals/Targets

- Preserve a minimum of 4 months of operating and capital coverage
- Establish inter-fund charges sufficient to generate an operating gain in each of the next 5 years
- Improve operating coverage to 7 months by 2015
- Maintain sufficient cash balance and annual operating gain to support debt payments



Central Garage Fund	Actual	Actual	Actual	Actual	Actual	Estimated	Projected	Projected	Projected	Projected	Projected
Operating Projections	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue											
Property taxes (maint center debt)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,000	\$ 216,000	\$ 184,000	\$ 184,000	\$ 208,000
Intergovernmental	-	-	-	-	-	-	-	120,715	86,531	85,571	83,920
Charges for services	663,591	733,104	757,534	903,653	939,716	1,034,717	1,109,816	1,109,816	1,109,816	1,109,816	1,109,816
Total Revenue	\$ 663,591	\$ 733,104	\$ 757,534	\$ 903,653	\$ 939,716	\$ 1,034,717	\$ 1,207,816	\$ 1,446,531	\$ 1,380,347	\$ 1,379,387	\$ 1,401,736
Expense											
Vehicle/equipment operation	343,073	357,865	380,086	425,489	474,215	445,703	467,234	487,030	507,619	530,930	555,698
Service center operation	80,586	83,996	82,448	129,907	95,669	64,718	95,548	98,836	102,966	106,286	111,773
Depreciation	271,722	290,017	297,426	321,691	334,057	480,000	646,000	673,000	696,000	716,000	715,000
Total Expense	\$ 695,381	\$ 731,878	\$ 759,960	\$ 877,087	\$ 903,941	\$ 990,421	\$ 1,208,782	\$ 1,258,866	\$ 1,306,585	\$ 1,353,216	\$ 1,382,471
Operating income (loss)	(31,790)	1,226	(2,426)	26,566	35,775	44,296	(966)	187,665	73,762	26,171	19,265
Other Sources (Uses)											
Interest	12,289	26,760	34,733	16,679	8,532	35,000	16,000	14,830	23,250	28,030	32,550
Gain on sale of asset	27,135	27,603	7,317	30,690	60,749	30,000	30,000	30,000	30,000	30,000	30,000
Other revenue	-	-	-	-	2,881	-	-	-	-	-	-
Interest and agent fees	-	-	-	-	-	(201,004)	(248,335)	(249,658)	(243,127)	(240,554)	(231,437)
Other expenses	-	(5,414)	(4,133)	(25,207)	(1,063)	-	-	-	-	-	-
Transfers in/utility funds/debt	-	-	-	-	-	-	180,600	180,600	200,900	200,900	200,900
Transfers out/capital funds	-	-	(4,518)	-	-	(10,500)	(14,500)	-	-	-	-
Total Other Sources (Uses)	\$ 39,424	\$ 48,949	\$ 33,399	\$ 22,162	\$ 71,099	\$ (146,504)	\$ (36,235)	\$ (24,228)	\$ 11,023	\$ 18,376	\$ 32,013
Net Change	7,634	50,175	30,973	48,728	106,874	(102,208)	(37,201)	163,437	84,785	44,547	51,278
Fund equity, beginning	3,084,414	3,092,048	3,142,223	3,173,196	3,221,924	3,328,798	3,226,590	3,189,389	3,352,826	3,437,611	3,482,158
Fund equity, ending	\$ 3,092,048	\$ 3,142,223	\$ 3,173,196	\$ 3,221,924	\$ 3,328,798	\$ 3,226,590	\$ 3,189,389	\$ 3,352,826	\$ 3,437,611	\$ 3,482,158	\$ 3,533,436
Cash balance	\$ 547,430	\$ 609,903	\$ 595,926	\$ 407,962	\$ 505,373	\$ 794,103	\$ 741,653	\$ 1,033,217	\$ 1,121,200	\$ 1,183,551	\$ 1,251,734
Months of operating/debt/capital coverage [1]	6.0	6.3	5.2	3.0	4.6	5.0	4.6	6.2	6.6	6.8	7.0
Expense percent change	2.7%	5.2%	3.8%	15.4%	3.1%	9.6%	22.0%	4.1%	3.8%	3.6%	2.2%
Annual average percent change (expense)						6.6%					7.1%
Inter-fund charges percent change	5.5%	10.5%	3.3%	19.3%	4.0%	10.1%	7.3%	0.0%	0.0%	0.0%	0.0%
Annual average percent change (inter-fund chgs)						8.8%					1.5%
Capital costs	\$ 241,190	\$ 356,597	\$ 406,676	\$ 503,511	\$ 751,727	\$ 5,735,843	\$ 450,500	\$ 435,500	\$ 450,000	\$ 458,000	\$ 461,000
Debt issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,615,000	\$ -	\$ -	\$ -	\$ -	\$ -
Debt payments (principal)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 245,000	\$ 245,000	\$ 250,000
Debt balance (year end)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,615,000	\$ 5,615,000	\$ 5,515,000	\$ 5,270,000	\$ 5,025,000	\$ 4,775,000
[1] Excluding maintenance center expansion project											

Short-term Disability Fund Operations

The Short-term Disability Fund accounts for premiums received and losses incurred in providing short-term disability insurance benefits to regular employees on a self-insured basis. Monthly premiums are paid by employees through payroll deduction.

Impacts

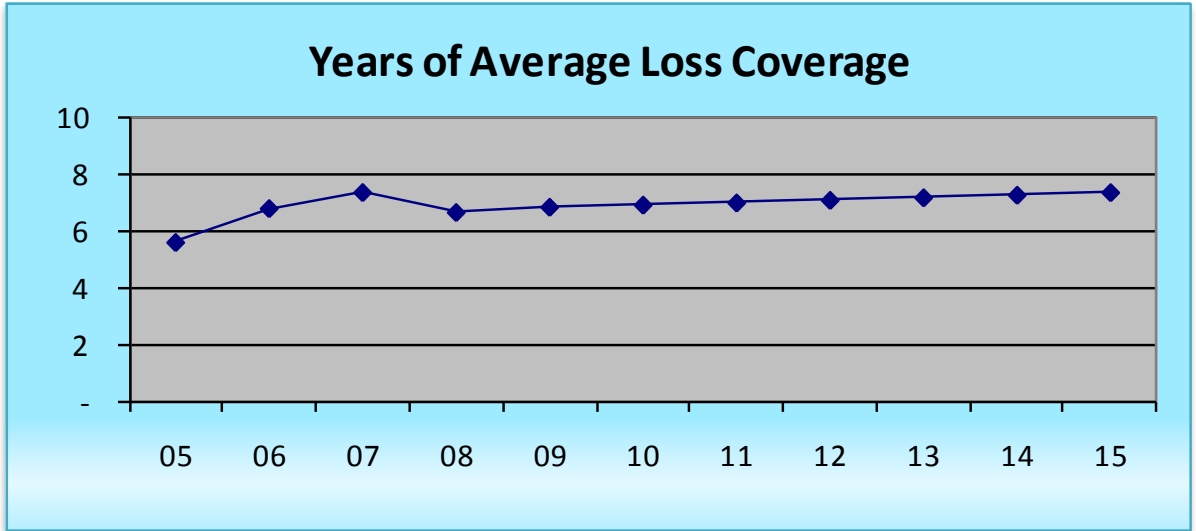
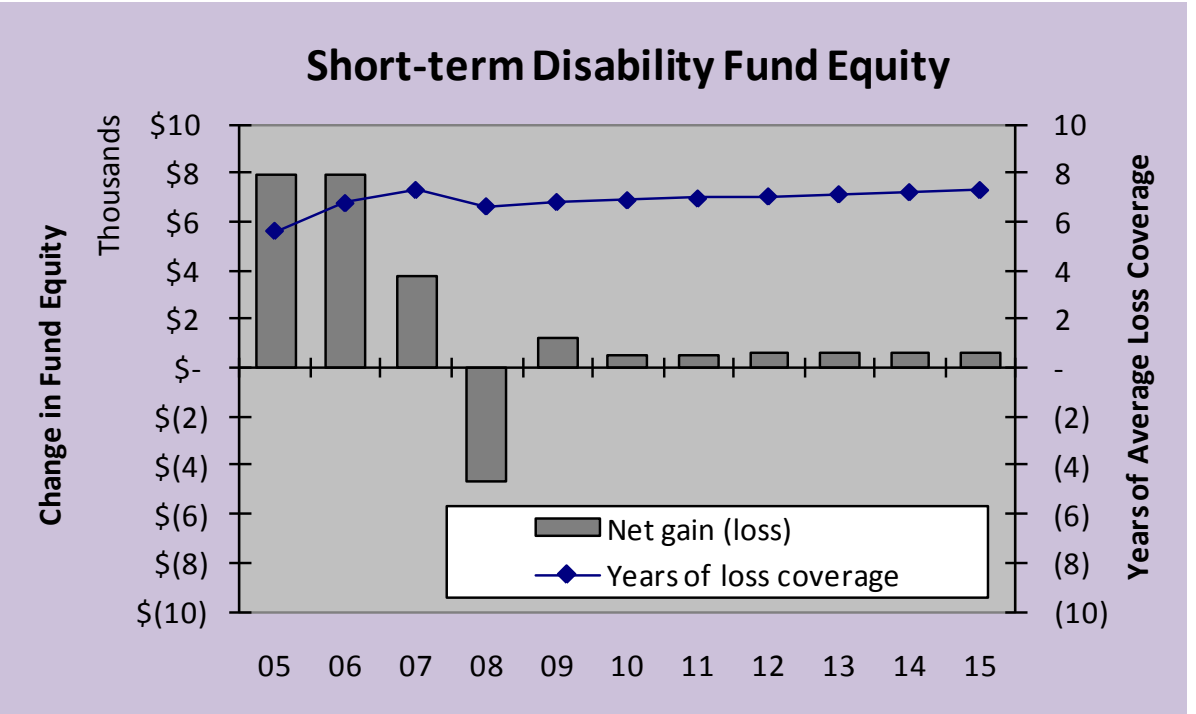
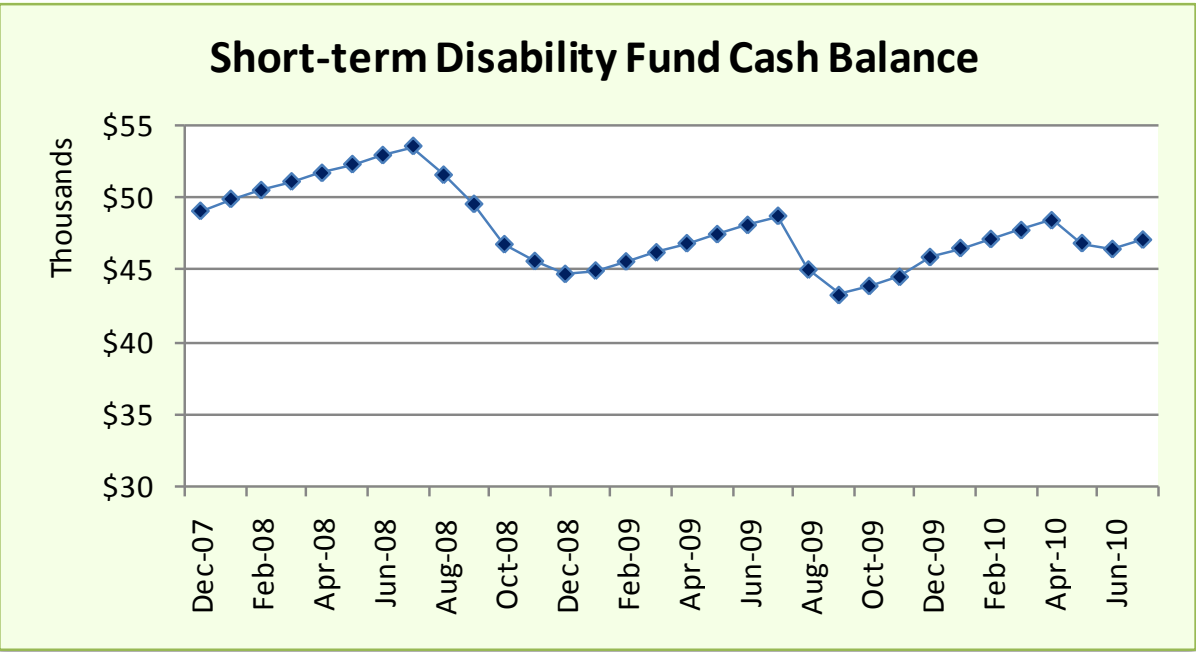
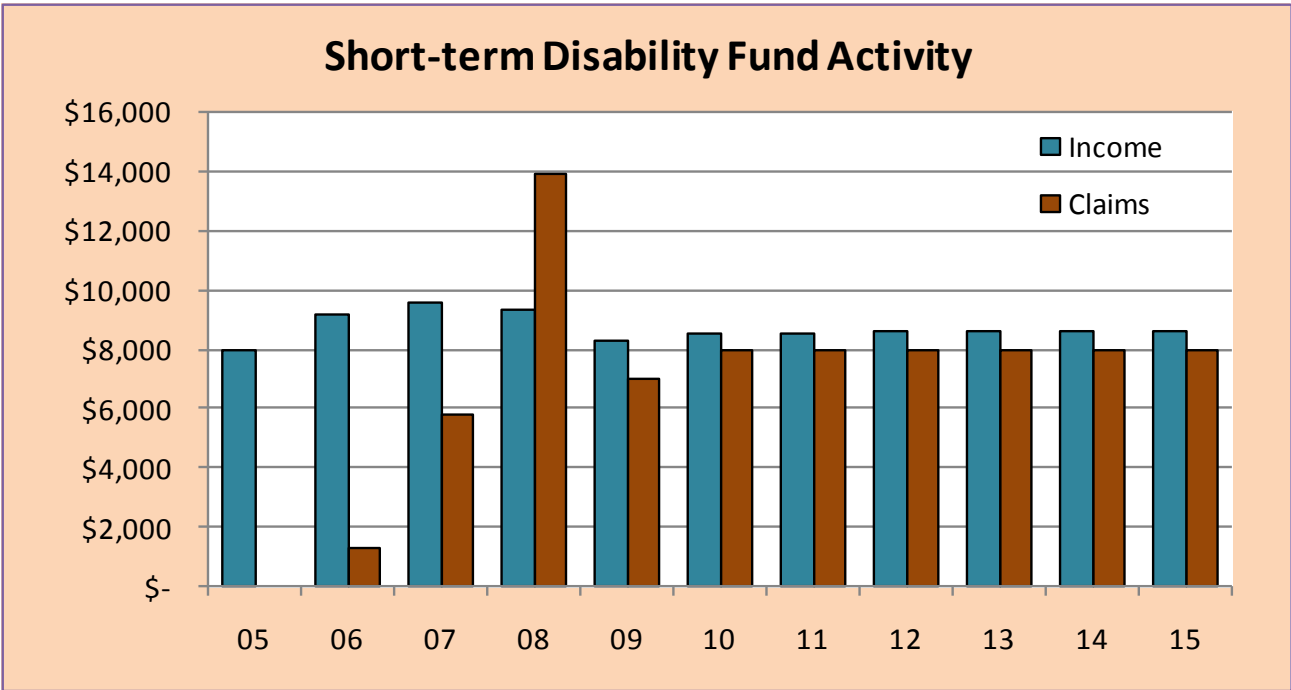
- Losses vary greatly between fiscal years, due to the number and length of employee absences resulting from temporary disabilities
- Monthly premiums have remained at \$8 per employee per month since the year 1999

Performance/History

- Net assets provide 5 to 7 years of average loss coverage
- Premiums and fund balances have been sufficient to offset historical losses

Fund Goals/Targets

- Monitor and evaluate claims and net asset balances for potential premium adjustments (reductions or increases) in the future
- Preserve a minimum of 3 to 4 years average loss coverage



Short-term Disability Fund	Actual	Actual	Actual	Actual	Actual	Estimated	Projected	Projected	Projected	Projected	Projected
Operating Projections	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue											
Charges for services	\$ 7,164	\$ 7,248	\$ 7,077	\$ 7,352	\$ 7,530	\$ 7,500	\$ 7,500	\$ 7,600	\$ 7,600	\$ 7,600	\$ 7,600
Interest	771	1,903	2,463	1,942	733	1,000	1,000	1,000	1,000	1,000	1,000
Total Revenue	\$ 7,935	\$ 9,151	\$ 9,540	\$ 9,294	\$ 8,263	\$ 8,500	\$ 8,500	\$ 8,600	\$ 8,600	\$ 8,600	\$ 8,600
Expense											
Personal services (claims)	-	1,269	5,807	13,935	7,039	8,000	8,000	8,000	8,000	8,000	8,000
Total Expense	\$ -	\$ 1,269	\$ 5,807	\$ 13,935	\$ 7,039	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000
Net change	7,935	7,882	3,733	(4,641)	1,224	500	500	600	600	600	600
Fund equity, beginning	29,756	37,691	45,573	49,306	44,665	45,889	46,389	46,889	47,489	48,089	48,689
Fund equity, ending	\$ 37,691	\$ 45,573	\$ 49,306	\$ 44,665	\$ 45,889	\$ 46,389	\$ 46,889	\$ 47,489	\$ 48,089	\$ 48,689	\$ 49,289
Monthly premium	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00
Participants (annual average)	74.6	75.5	73.7	76.6	78.4	78.1	78.1	79.2	79.2	79.2	79.2
Years of average loss coverage	5.6	6.8	7.3	6.6	6.8	6.9	7.0	7.0	7.1	7.2	7.3

Liability Claims Fund Operations

The Liability Claims Fund accounts for losses not covered by insurance deductibles. Dividends received annually from the League of Minnesota Cities Insurance Trust are deposited into this fund to cover future losses.

Impacts

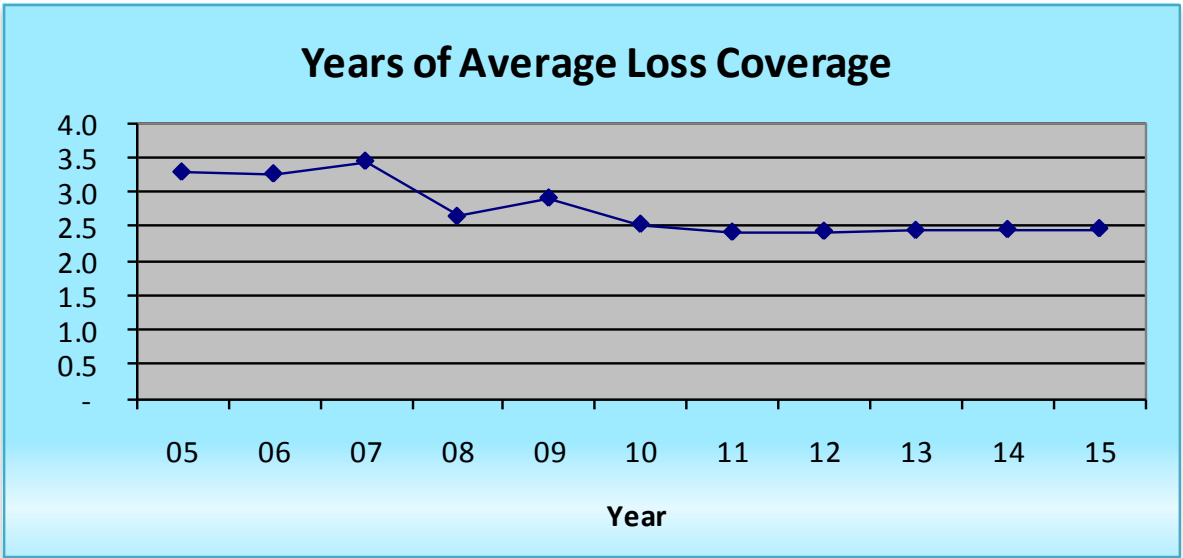
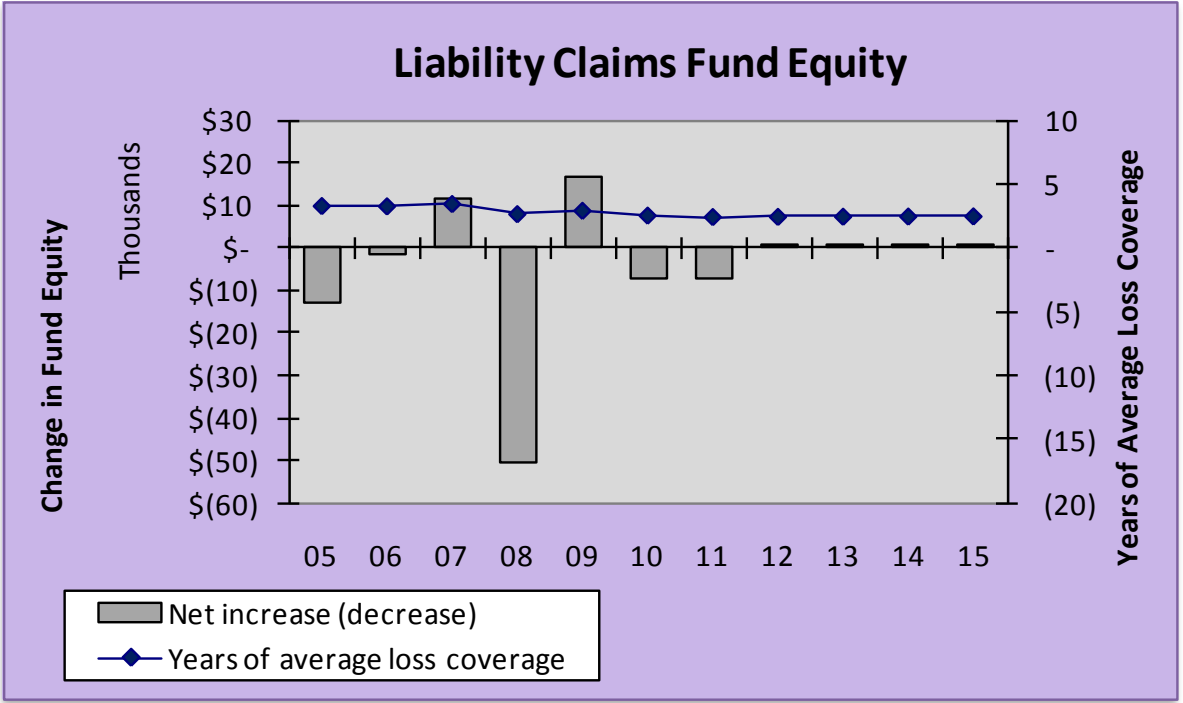
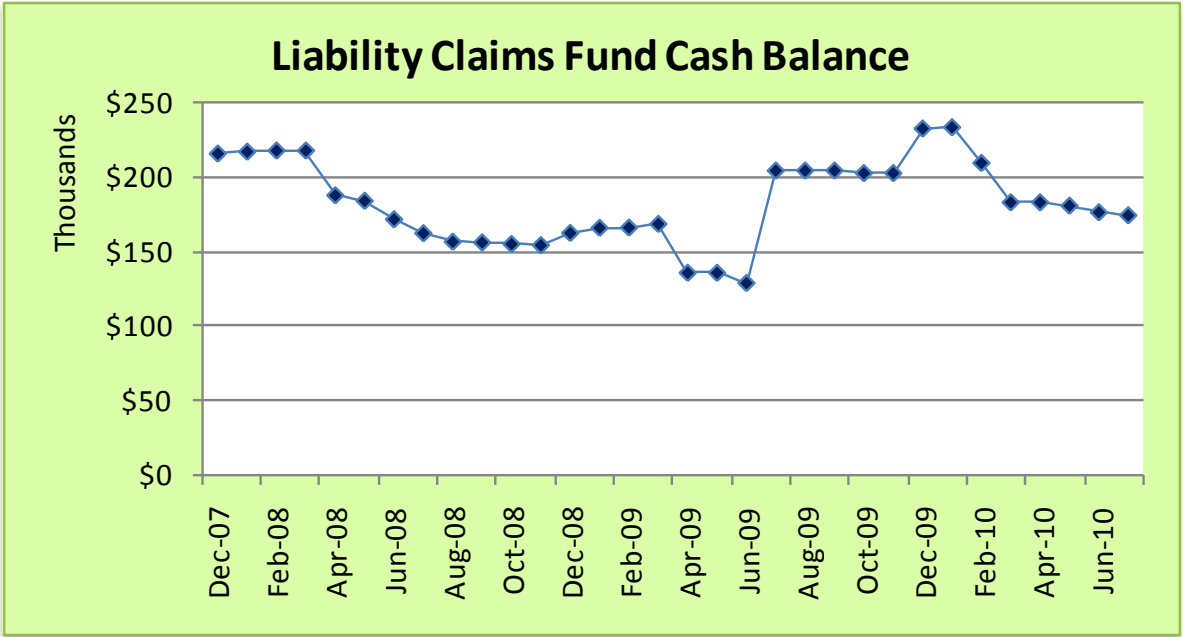
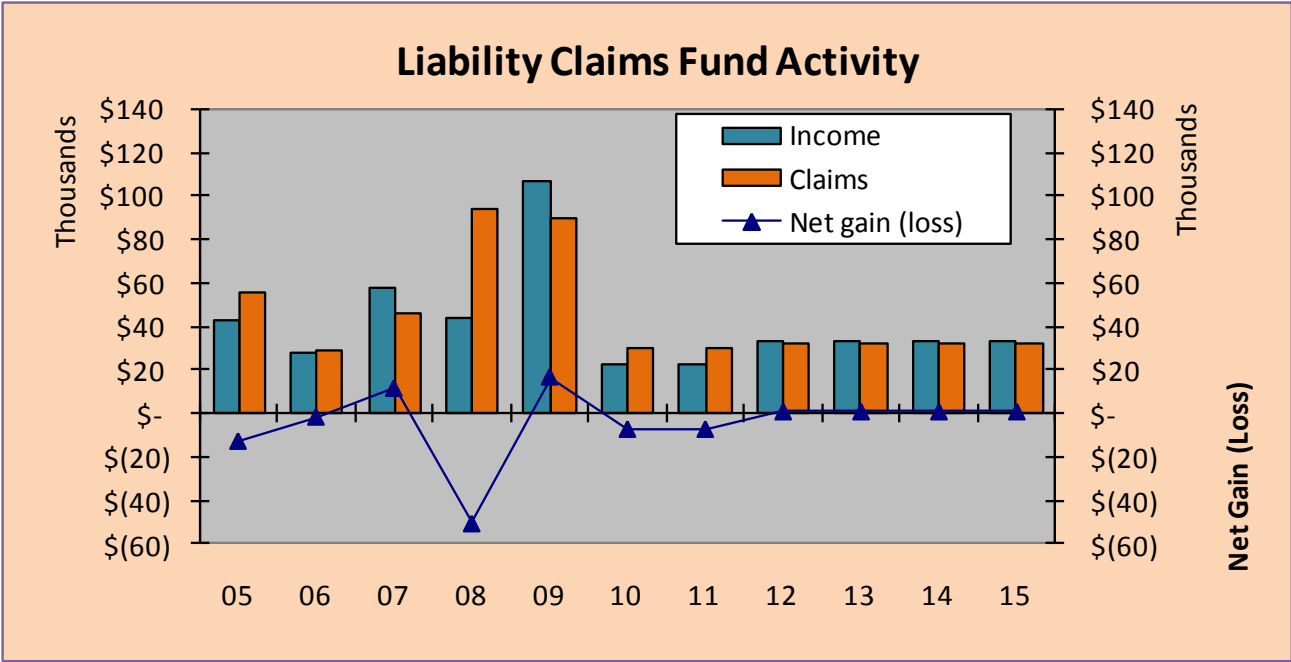
- Losses from internal and outside claims vary between fiscal years due to the number and type of claims

Performance/History

- Higher than normal losses in 2008 and 2009
- Insurance claims surcharge assessed to operating funds in 2009 to restore fund equity
- Net assets provide 2 to 3 years of average annual loss coverage

Fund Goals/Targets

- Monitor and evaluate claims and net asset balances for periodic claims surcharge
- Preserve 2 years average loss coverage



Liability Claims Fund	Actual	Actual	Actual	Actual	Actual	Estimated	Projected	Projected	Projected	Projected	Projected
Operating Projections	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue											
Liab claims charge	\$ -	\$ -	\$ -	\$ -	\$ 70,114	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Refunds/reimbursemts	38,333	17,867	46,121	37,064	33,865	20,000	20,000	30,000	30,000	30,000	30,000
Interest	5,009	9,587	11,747	7,064	2,853	2,800	2,800	2,800	2,800	2,800	2,800
Total Revenue	\$ 43,342	\$ 27,454	\$ 57,868	\$ 44,128	\$ 106,832	\$ 22,800	\$ 22,800	\$ 32,800	\$ 32,800	\$ 32,800	\$ 32,800
Expense											
Claims/losses	56,010	29,065	46,350	94,513	90,112	30,000	30,000	32,000	32,000	32,000	32,000
Total Expense	\$ 56,010	\$ 29,065	\$ 46,350	\$ 94,513	\$ 90,112	\$ 30,000	\$ 30,000	\$ 32,000	\$ 32,000	\$ 32,000	\$ 32,000
Other Sources (Uses)											
Other	-	-	-	-	-	-	-	-	-	-	-
Total Other Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change	(12,668)	(1,611)	11,518	(50,385)	16,720	(7,200)	(7,200)	800	800	800	800
Fund equity, beginning	219,887	207,219	205,608	217,126	166,741	166,741	159,541	152,341	153,141	153,941	154,741
Fund equity, ending	\$ 207,219	\$ 205,608	\$ 217,126	\$ 166,741	\$ 183,461	\$ 159,541	\$ 152,341	\$ 153,141	\$ 153,941	\$ 154,741	\$ 155,541
Years of average loss coverage	3.3	3.3	3.4	2.6	2.9	2.5	2.4	2.4	2.4	2.4	2.5

Summary of Working Capital Targets

The table below provides a summary of working capital targets for operating funds and permanent capital funds. This information is used when establishing tax levies and user fees during the budget process, and will assist the City in determining how one-time revenues may serve the City to improve fund balances, or to support one-time capital costs in an effort to reduce demands on permanent project funds.

Fund	Target	12/31/08	12/31/09	12/31/10	12/31/11
		Actual	Actual	Estimated	Projected
General	5.0	5.5	5.7	5.6	5.3
Recycling	6.0	1.0	1.2	1.7	2.2
Community Center	3.0	1.9	2.3	3.1	3.2
Recreation Programs	3.0	2.4	2.8	3.0	3.2
Cable TV	3.0	11.5	9.2	7.5	6.4
EDA	3.0	21.9	16.0	4.0	3.9
HRA	3.0	-	-	0.3	2.4
Slice of Shoreview	6.0	0.8	4.0	10.3	11.1
Debt funds (combined)	6.0	10.5	10.8	10.6	9.8
Water	8.0	13.7	14.7	13.5	11.8
Sewer	6.0	7.3	5.9	7.1	6.0
Surface Water	5.0	5.9	10.4	11.7	7.9
Street Lighting	4.0	5.0	4.6	5.1	5.5
Central Garage	4.0	3.0	4.6	5.0	4.6
Short-term Disability *	3.0	6.6	6.8	6.9	7.0
Liability Claims *	2.0	2.6	2.9	2.5	2.4
Note: Targets are stated in months (or stated in years when noted by *)					

Index

Topic	Page Number
Executive Summary	2-9
Levy, value and tax rate projections	4-5
Debt projections	6-8
Operating Funds	
General Fund	10
Recycling Fund	12
Community Center Fund	14
Recreation Programs Fund	16
Cable TV Fund	18
Economic Development Authority Fund	20
Housing Redevelopment Authority Fund	22
Slice of Shoreview Fund	24
Water Fund	26
Sewer Fund	28
Surface Water Management Fund	30
Street Lighting Fund	32
Central Garage Fund	34
Short-term Disability Fund	36
Liability Claims Fund	38
Summary of Working Capital Targets	40

Note: Similar projections and related analysis will be provided for the City’s ongoing capital project funds (including TIF Funds) within the City’s Capital Improvement Program (CIP) document.